



Foreign
Broadcast
Information
Service

FBIS-USR-92-138

28 October 1992



CENTRAL EURASIA



FBIS Report: Central Eurasia

FBIS-USR-92-138

CONTENTS

28 October 1992

INTERNATIONAL AFFAIRS

Political Profile of German Foreign Minister Kinkel [NEZAVISIMAYA GAZETA 2 Oct]	1
Germany's Von Amerongen, Moelleman on Russian Reforms [PRAVDA 14 Oct]	2
India Moves to Expand Ties to Central Asia [IZVESTIYA 3 Oct]	2
Travkin Reform Proposal Critiqued [TRUD 29 Sep]	3
CIS Urged To Coordinate Policies Toward African Debtors [PRAVDA 9 Oct]	5
Leader of Movement for Solidarity With Asia, Africa Interviewed [AZIYA I AFRIKA SEGODNYA No 7, Jul]	6
Nazarbayev's UNGA Statement on Ethnic Conflicts Noted [KRASNAYA ZVEZDA 7 Oct]	8
Central Asian, Mideast States To Confer on Security [NEZAVISIMAYA GAZETA 18 Sep]	8

INTERSTATE AFFAIRS

Railway Fuel Transport Performance Detailed	9
General Situation [GUDOK 1 Oct]	9
Turkmen Situation Highlighted [GUDOK 1 Oct]	9
Bashkir Problems Examined [GUDOK 1 Oct]	10
Nechayev Offers Options for Interstate Cooperation [NEZAVISIMAYA GAZETA 29 Sep]	11

RUSSIA

POLITICAL AFFAIRS

National Patriotic Front Rightist Groups Meet [NEZAVISIMAYA GAZETA 7 Oct]	12
Christian Democrats' Aksyuchits, 'Free Russia's' Rutskoy Meet [NEZAVISIMAYA GAZETA 10 Oct]	12
'Den' Movement Protests Encroachment of 'Market Economy Plague' [NEZAVISIMAYA GAZETA 10 Oct]	12
Report on International MDR's Protest at Registration of Russian MDR [RABOCHAYA TRIBUNA 2 Sep]	12

ECONOMIC AND SOCIAL AFFAIRS

DELOVOY MIR Economic Statistics, 5 Sep [DELOVOY MIR 5 Sep]	13
Wage Indexation, Economic Plans Advocated [ROSSIYSKIYE VESTI 13 Oct]	26
Food, Clothing, Gasoline Prices Continue To Increase [ROSSIYSKAYA GAZETA 20 Oct]	27
Food Consumption Statistics Cited [ROSSIYSKIYE VESTI 22 Oct]	27
Bunich Remains Pessimistic on Inflation [TRUD 8 Oct]	28
Government Price Regulation Advocated [KURANTY 17 Sep]	30
Problems of Industry Under Current Conditions Explored [IZVESTIYA 10 Oct]	33
Kirov Workers Address Yeltsin on Tough Economic Conditions [RABOCHAYA TRIBUNA 20 Oct]	35
'Civil Union' Calls for Anticrisis Measures, Coalition Government [RABOCHAYA TRIBUNA 20 Oct]	36
Revised Official Subsistence Levels Considered [TRUD 17 Oct]	37
Efforts To Pursue Peasant Interests Explored	40
Peasant-Government Agreement [IZVESTIYA 26 Sep]	40
Bashmachnikov on AKKOR [NEVSKOYE VREMYA 29 Sep]	41
Obstacles to Peasant Efforts [ROSSIYSKIYE VESTI 1 Oct]	42
Preparations for Day of Protest [SELSKAYA ZHIZN 13 Oct]	42

Law on Russian Federation Monetary System	43
Text of Law [ROSSIYSKAYA GAZETA 21 Oct]	43
Decree on Law's Implementation [ROSSIYSKAYA GAZETA 21 Oct]	44
Decree on Re-examination of Monetary Law [ROSSIYSKAYA GAZETA 21 Oct]	44
Yeltsin Decree on Moscow Oblast Land, Housing Auctions [ROSSIYSKAYA GAZETA 11 Oct] ...	44
Oil Industry Status, Plight Viewed [ROSSIYSKAYA GAZETA 10 Sep]	45
Oil, Gas Joint Venture Computer Center Begins Work [DELOVOY MIR 18 Sep]	46
Siberian Oil, Gas Complex Development Examined [DELOVOY MIR 3 Oct]	47
Oil Share Issue Expected To Prompt Western Investment [IZVESTIYA 17 Oct]	50
Privatization of Airlines Proposed	51
Airline Officials' Comments [ROSSIYSKIYE VESTI 20 Oct]	51
Transport Minister's Remarks [ROSSIYSKIYE VESTI 20 Oct]	52

REGIONAL AFFAIRS

Elections in Karachayevo-Cherkessiya Supreme Soviet Imminent [NEZAVISIMAYA GAZETA 18 Sep]	53
New Don Cossack Ataman Elected [ROSSIYSKAYA GAZETA 13 Oct]	53
'Rehabilitation' Act's Provision on Territories Source of Dissension [ROSSIYSKAYA GAZETA 15 Oct]	53
Krasnoyarsk Kray Political Situation Profiled [IZVESTIYA 4 Sep]	54
Moscow Homeless Problem Examined [KURANTY 1 Oct]	57
Luzhkov Justifies New Moscow Government Weekly Publication [MOSKOVSKAYA PRAVDA 24 Sep]	60

INTERNATIONAL AFFAIRS

Far Easterners Forge Contacts in Tokyo [TRUD 20 Oct]	61
More on Plan for Leasing Part of Kuril Islands [RABOCHAYA TRIBUNA 16 Oct]	62
New Plan for Detecting Illegal Oil Exports [IZVESTIYA 17 Oct]	64
International Investment Insurance Fund Discussed [NEZAVISIMAYA GAZETA 13 Oct]	64
Increased Export of Timber to Finland [Helsinki HELSINGIN SANOMAT 25 Sep]	65

UKRAINE

POLITICAL AFFAIRS

Chornovil Fields Questions From Readers [PRAVDA UKRAINY 6 Oct]	67
Chornovil Previews Rukh Congress Issues [NARODNA HAZETA No 39, Oct]	74
Politicians Differ on Local Government [NEZAVISIMAYA GAZETA 14 Oct]	75
Student Protest Activities Detailed [KOMSOMOLSKAYA PRAVDA 16 Oct]	76
Need for Stability Stressed [ZA VILNU UKRAYINU 1 Oct]	77

ECONOMIC AFFAIRS

State Duma Member Chernyak on Economic Development [HOLOS UKRAYINY 14 Oct]	79
Chernyak Details Economic Reform Priorities [NEZAVISIMOST 2 Oct]	81
Privatization Certificate Issues Discussed [PRAVDY UKRAINY 8 Oct]	84

WESTERN REGION

MOLDOVA

Moldovan, Gagauz Leaders for Coexistence [NEZAVISIMAYA GAZETA 8 Oct]	86
--	----

CENTRAL ASIA

KAZAKHSTAN

Progress in Preparations for 1993 Crop Detailed	87
August Admonition [SELSKAYA NOV No 34, 21 Aug]	87
Late August Seed Notes [SELSKAYA NOV No 35, 28 Aug]	87
Early September Wet Grain and Seed [SELSKAYA NOV No 37, 11 Sep]	87
Mid-September Seed Concerns [SELSKAYA NOV No 38, 18 Sep]	87
Late September Wet Grain and Seed [SELSKAYA NOV No 39, 25 Sep]	88
Grain Prices, Processing, Distribution Explored	88
Consumer Union Leader's Concerns [SELSKAYA NOV No 39, 25 Sep]	88
Grain Price Commentary [SELSKAYA NOV No 38, 18 Sep]	89
Procurement Prices for Grain [SELSKAYA NOV No 39, 25 Sep]	89
Market Conditions & High Prices [TRUD 9 Oct]	89

TAJIKISTAN

Islamic Revolution's Actors, Events, Background Analyzed [MEGAPOLIS-EXPRESS No 37, 16 Sep]	91
---	----

TURKMENISTAN

Niyazov on Democratic Society, Economy [TURKMENSKAYA ISKRA 28 Sep]	94
Ministry Official on IMF Membership [TURKMENSKAYA ISKRA 23 Sep]	96
Democratic Party First Secretary on Goals [TURKMENSKAYA ISKRA 21 Sep]	98
Republic Freed From USSR Foreign Debt [TURKMENSKAYA ISKRA 15 Sep]	99
Transfer to Latin Alphabet Debated [TURKMENSKAYA ISKRA 17 Sep]	100

CAUCASUS

AZERBAIJAN

Procurator On Russian-Azeri Relations [SMENA 25 Sep]	103
--	-----

GEORGIA

Shevardnadze Faces Political Problems [ROSSIYSKIYE VESTI 17 Oct]	104
Correspondent on Situation in Abkhazia [SOVETSKAYA ROSSIYA 17 Oct]	106

BALTIC STATES

LATVIA

Principles, Activities of "Club-21" Given [LAUKU AVIZE No 39, 25 Sept]	109
Language Law Implementation Problems, Results [DIENA 26 Sept]	111
Human Rights Chairman on Citizenship Options [DIENA 3 Oct]	112
Russia Wants to Leave Officers in Latvia [DIENA 25 Sept]	114
Status of Security Services Discussed [DIENA 17 Sept]	115
Crime by Teenagers Increasing [DIENA 26 Sept]	116
Godmanis Signs Investment Pacts With Taiwan [THE BALTIC INDEPENDENT 25 Sep]	116

LITHUANIA

Lithuanian Navy to Get Baltic Fleet Ships [EKHO LITVY 2 Oct]	117
--	-----

REGIONAL AFFAIRS

Tax Systems in Baltic States Examined [THE BALTIC INDEPENDENT 25 Sep]	118
---	-----

Political Profile of German Foreign Minister Kinkel

934C0061A Moscow NEZAVISIMAYA GAZETA
in Russian 2 Oct 92 p 4

[Article by Mikhail Karpov: "I Am Not Mr. Genscher—I Am Mr. Kinkel!"]

[Text] How this statement by the FRG Foreign Minister will turn out for Russia is shown by his visit to Moscow.

At the beginning of this year Klaus Kinkel was still saying, "I am not all that well-known." And he had every reason for such modesty. But now things are altogether different. Europe and the world know him now, not to mention Germany. Next in line is—Russia.

Klaus Kinkel's career began in 1970 when the young lawyer, who had studied in Tübingen, Bonn and Cologne, was noticed by Hans-Dietrich Genscher, then FRG Internal Affairs Minister. Later Kinkel rose to become chief of Genscher's secretariat in the Internal Affairs ministry, and when his patron moved to the post of foreign minister in 1974, he followed him to the West German Foreign Ministry, where he took up his familiar post as head of the minister's secretariat. He later became head of the planning department at the foreign ministry.

During this period an incident took place in which he found himself in an extremely difficult situation while accompanying Genscher on his visit to Iran. The suit in which he was to appear at an official reception was found to be hopelessly soiled. The minister himself came to Kinkel's aid, giving up his own extra suit to his protégé. The suit, however, was several sizes too large; but the situation was saved, and the sharp-witted diplomats had an excellent opportunity for making jokes. One of them was this: If Kinkel can wear Genscher's suit, it is altogether likely that he can occupy the minister's chair as well.

The year 1979 was marked by a turning point in the fate of Klaus Kinkel. Upon Genscher's recommendation he achieved the post of head of the Bundesnachrichtendienst (BND)—FRG intelligence. As it turned out, having occupied the post, Kinkel was able to straighten out many scandals which had rocked the agency in those years, one after another. But then Kinkel had managed to master virtually all the tricks of the political trade. In addition, he was able to establish extremely solid contacts in Washington; one loses track of how many times Kinkel visited there. On the whole, he was quite successful in his four years in what is considered the extremely dangerous post of BND chief, the more so that his opponent in East Germany was the legendary "spy who came in from the cold," Gen-Lt Markus ("Misha") Wolf, head of one of the most highly-effective intelligence service of the Eastern Bloc.

Evidently Kinkel found that the habits he acquired in the BND were very useful to him when in 1982 he occupied

the post of state-secretary in the justice ministry. It was once thought that he would play the role of "gray eminence" in this post, directing all the affairs of the ministry, without exception, from behind the scenes. This situation, evidently, also determined the fact that after the victory of the CDU/CSU-FDP coalition in the first elections in unified Germany, Kinkel received the post of Justice Minister.

The most dramatic moment in his career came after the statement of the 65-year old Genscher of his departure on 17 May of this year from the post of FRG Foreign Minister, which discouraged many people, after an uninterrupted 18-year term in it. The culmination came on 28 April at a joint session of the parliamentary faction and leadership of the FDP, whose ranks Kinkel had joined only last year. In spite of this, in an atmosphere of fierce struggle between the "rank and file" and the "higher-ups," who threatened to resign in the event Kinkel was nominated, he managed to get his way. After the vote, he defeated his rival Irmgard Schwertzer with a count of 54-23 and became Genscher's successor.

A very difficult job awaited 55-year-old Klaus Kinkel, but not at all like the heady hours which accompanied the triumph of detente and the reunification of Germany, which fell to the lot of his predecessor and patron. But no doubt he would have been ready for that too. It was not for nothing that Genscher, with all his foreign policy experience, gave him the following appraisal: "He will be a very fine foreign minister."

Genscher apparently had more than enough grounds for such an appraisal. Kinkel was hardly a novice on the diplomatic circuit. As early as the 1970's, as one of the most trusted Internal Affairs Ministry officials and closest to Genscher, he already outshined the other analysts on his team. By the way, in addition to Genscher's statement that Kinkel would "make a very fine minister," he was also confident of the fact that "he will ensure the continuity of German foreign policy, which is important to the entire world as it experiences profound change."

Whether this is symbolic or not, the first speech by the new Federal Minister of Foreign Affairs took place at the 20 May session of the Bundestag, just as it was in the process of approving treaties with the Czech and Slovak Federal Republic and the Republic of Hungary. Kinkel praised the treaties at that time as "an important step for the peaceful Europe of the future." However, at the same time he noted that, while keenly aware of the great responsibility that had descended upon it, Germany intends to continue to conduct not a narrow national, but a European and Trans-Atlantic policy, and friendship and partnership with the USA and France would continue to receive priority.

Klaus Kinkel's first meeting with the head of the Russian diplomatic service took place just four days later—on 24 May. They conversed in Lisbon, after which Kinkel declared that he attributed "exceptional importance" to

German-Russian relations, and that he intended to follow "Genscher's line" on this question. It was at that very time that Andrey Kozyrev proposed that he come to Russia on an official visit.

However, let us return to the question of "Genscher's line." Kinkel often brings up the words he spoke to one of the officials of the FRG Foreign Ministry, who rashly remarked to his minister on some topic or other, "Under Mr. Genscher we always did thus...": "Remember once and for all: I am not Mr. Genscher—I am Mr. Kinkel!" the new minister replied. It is true that observers are more inclined to attribute this to Kinkel's well-known manner of expressing himself unequivocally, rather than as a sign of departure from the principles of his predecessor.

Everyone is aware of the firm position which Klaus Kinkel took with respect to Serbia and her role in the Yugoslavian conflict. Some people even began to say in this connection that although Kinkel considers himself a confirmed pacifist, the specter of a spiked Prussian helmet looms over his head. Others, however, are inclined to relate this with his conviction that the 80-million strong nation, in Kinkel's own words, "does not have the right to be only a spectator in the theater of world history."

Another meeting between Kinkel and Kozyrev took place on 28 August at the international conference on Yugoslavia in London. At that time the federal minister gave high marks to the "well-thought-out position of Russian diplomacy with respect to Serbia," and expressed his gratitude to the Russian leadership for its role in the "Honecker affair." Moreover, it was stressed that the solution of this problem plays a very large role in relations between our countries and that it serves to confirm their reliable character. The forthcoming visit of Klaus Kinkel to Russia will without doubt become the touchstone for proving the truth of such an assertion.

Germany's Von Amerongen, Moellemann on Russian Reforms

*PM1510115392 Moscow PRAVDA in Russian
14 Oct 92 p 3*

[Report by correspondent Aleksandr Stepanov: "Reformers' Efforts in Moscow Unsuccessful,' FRG Economic Affairs Minister Complains"]

[Text] Berlin—We have to start from scratch in our trade with the CIS countries. That was the sorry conclusion drawn by Otto Wolff von Amerongen, chairman of the Eastern Committee of the German Economy, in his speech at a press conference to mark the 40th anniversary of this organization, which holds great prestige in German business circles.

The second participant in the meeting with the press—FRG Economic Affairs Minister Juergen Moellemann, who visited Moscow four times while holding this post—did not dispute what the highly experienced Wolff von

Amerongen said: "There are more problems associated with the transformations in the CIS than we expected. The reformers' efforts have not as yet had any appreciable success."

What did the minister of economic affairs single out in his speech?

First, he said that people in Russia now realize that trade can only be enlivened on the basis of partnership. It may very well be that the minister chose such a diplomatic phrase to indicate for the umpteenth time that Moscow's reformers can no longer expect charitable handouts.

Second, Moellemann advised the Russian Government to orient its import policy to long-term goals to a greater extent. That piece of advice is undoubtedly extremely sensible, but difficult to put into practice. What are the prospects when Gaydar's cabinet is bogged down fast in transient problems?

However, Moellemann is indeed insisting that Russia and its close neighbors must finally create their own effective agrarian economy—with help from their Western partners—instead of plugging temporary gaps, primarily with regard to food. "The CIS countries should delay no longer in implementing specific joint projects in agriculture and elsewhere too," he believes.

However, recriminations regarding the unsatisfactory state of trade between both parts of the Old World were directed at the FRG's partners not only in the East, but also in the West, including their Common Market partners. The minister of economic affairs expressed regret that other EC countries are still unwilling to take steps to further liberalize trade with the CIS countries. In his view, the EC should open its markets more to former CEMA members—needless to say, in those sectors where the East Europeans are capable of producing competitive output.

Moellemann and Wolff von Amerongen were unanimous in thinking that, despite the difficulties, contacts with East Europe should not be severed. They believe that these relations should be given a fresh boost because that is where the markets of the future lie. It is just a pity that no one can tell as yet when this future will begin.

India Moves to Expand Ties to Central Asia

*934C0030A Moscow IZVESTIYA in Russian
3 Oct 92 Morning Edition p 6*

[Article by Nikolay Paklin: "India Strives to Strengthen Its Positions in Central Asia"]

[Text] India's Minister of State for External Affairs R. L. Bhatia will visit three independent Central Asian states: Turkmenistan, Uzbekistan and Kyrgyzstan. Nine days are being set aside for the visit. In Delhi these trips are directly linked to the struggle for influence in Central Asia. "The purpose of the trip is to divert these states from the trap of Islamic fundamentalism that has been

laid for them by Pakistan and the West Asian countries," writes the newspaper NATIONAL HERALD, the official publication of the ruling party.

In India the increased influence of the fundamentalist Muslim states on the former Soviet Central Asian republics is causing growing concern. Historically, Central Asia has always had great importance for India. Delhi fears that the establishment there of fundamentalist regimes that make alliance with unfriendly Pakistan will strengthen the positions of Islamic separatists in the Indian Kashmir. The formation of a powerful bloc of Islamic states will also influence anti-Hindu attitudes among Muslims in India itself.

Delhi notes two main areas of the Muslim countries' penetration of Central Asia. The first is the provision of "assistance" in the assertion of religious values. The NATIONAL HERALD writes, in particular, that money provided by Saudi Arabia and the Central Asian republics has been used to build nearly 5,000 new mosques in recent years and is also being used to build religious schools. And Libya has donated a large amount of paper for printing religious literature.

The second area is economic penetration. Thus, a Pakistani delegation that recently visited the region proposed to buy natural gas from Turkmenistan. And it would be pumped through a pipeline laid across the territory of Afghanistan. Pakistan has also agreed to provide credit for the purchase of Pakistani industrial equipment. According to Indian figures, acting through the Afghan mujahidin Pakistan—like Libya, by the way—has been attempting to buy uranium in Tajikistan that is suitable for military use.

But India's chief pain is caused by nuclear weapons located in the Central Asian republics. According to Indian information, the number of such nuclear weapons exceeds 2,000, of which 90 percent are located in Kazakhstan. And won't those nuclear weapons, at least in part, end up in the hands of Islamic fundamentalists? Delhi asks.

Turkey, which is serving as a kind of bridge between Central Asia and Europe has also been showing great interest in the former region. In the opinion of Indian commentators, Turkey and Iran are to some extent opposing Pakistan and Saudi Arabia in the struggle for influence in Central Asia.

During the highly placed Indian diplomat's visit to the three Central Asian republics, India also intends to propose its own values to them. They include, first and foremost, India's experience in creating a mixed economy. Moreover, India is prepared to become involved in training specialists in that republic and, in the area of the economy, to establish joint ventures.

A fundamental weakness in India's position—and Indian diplomats acknowledge this—is the country's lack of money that it might invest in the development of the economy and culture in the Central Asian states. On

the other hand, Delhi does not rule out the possibility of developing bilateral military relations with them, especially in the area of obtaining spare parts and military equipment for the Indian army.

Visits to India by the heads of state of Kyrgyzstan, Uzbekistan and Kazakhstan have created a kind of head start for the development of such relations. Delhi recalls with satisfaction that the leaders of those Central Asian states assured Indian leaders that there is no place in their republics for Islamic fundamentalism.

However, recent events in Tajikistan raise a question concerning the extent to which such assurances reflect the real situation in the Central Asian republics. Indian analysts are reaching the conclusion that it is precisely Tajikistan today that is at risk of finding itself under the rule of Islamic extremists.

Travkin Reform Proposal Critiqued

934C0030B Moscow TRUD in Russian 29 Sep 92 p 2

[Article by Vasilii Shchurov: "N. Travkin: 'You've Thrown Us Into the Water—Untie Our Hands'"]

[Text] The times are not seizing Travkin. At the beginning of the year the country's well-known democrat, not finding a place on the political Olympus, set out for a remote Moscow Oblast rayon. It seemed that the new-found head of administration could anticipate the fate of his predecessors, who had been "worn out" by the steep rural hills. But no, Ilyich is still stubborn and energetic, bold in his deeds, and at the center of disputes. Recently Travkin once again displayed the qualities of a leader at the Shakhovskaya House of Culture, where a seminar of soviet chairmen and heads of administrations in Russia was being held. He stated frankly what many rayon leaders were thinking about today's agrarian policy. And he proposed his own program of reforms for the provinces, a program that has been earned through suffering in bitter experience.

N. Travkin: "I realized very quickly that there is no point in putting one's hopes in the state; the government has given everyone one right—to scramble out any way one can. Therefore, reform in our rayon has proceeded and is proceeding along a channel of self-survival. We are working to achieve only freedom of action. You've thrown us in the water—untie our hands."

It is appropriate to recall that since the times of Starodubtsev's Agrarian Union it has been the struggle for centralized investments that has been the primary argument in protecting the interests of the countryside. For all intents and purposes, it has been the only one, since asking is familiar for us, while those who want to accept responsibility are in the clear minority. But consistent attempts to swindle the countryside with inequitable prices, Draconian taxes and the "squeezing" of promised funds for the social sphere are curing the agrarians of illusions. Some petitioners have swelled the ranks of the strike committees and are presenting ultimatums to the

government and, at the same time, the cities. Others are fighting for the economic freedom to sensibly manage what the provinces have.

Shakhovskoy Rayon, like the rest of the provinces, was brought to its knees by the January "freeing" of prices. During the winter months milk served as practically the only stream for supplementing incomes for the livestock-raising rayon. And the capital, which at that time had received "humanitarian trains," was refusing to buy it even at cost in Shakhovskaya. Then the dairy combines and trade outfits gradually started to take some, but because of a shortage of funds they put off their payment of accounts "until later." For all intents and purposes, they lack their own processing facilities, as well as their own stores and depots in the capital. Looking for other markets requires time and money, which, once again, were in extremely short supply.

It is hard to guess how it all would have ended if it were not for the head of administration's political capital. Sponsors were found and loans were secured—since there was something to invest in.

N. Travkin: "Unless we take people's psychology into account and they have a stake in things, the reforms are doomed. We are building new relations here and trying to avoid social conflicts. Let's try to give people the opportunity to earn good money and make it so they have something to spend the money on. That's the essence of the matter."

And that, too, is the difference from attempts to enact reforms "from above." The government is concerned with macroeconomic problems—how to put together a deficit-free budget, make the ruble convertible and join the world economy. In theory, that is fine, but in practice: Tormented by the deficit and uncertain of the future, people do not accept the idea of "raising prices to the world level" against the backdrop of poverty-level wages and promises of enrichment tomorrow by means of the universal distribution of vouchers. If there is anything they will take on faith, it is only something clear that promises benefits today.

In that sense, local, "Shakhovskoy" privatization has greater chances for success. In dividing up the trade system and the services sector here, the temptation was avoided of rapidly enriching the rayon coffers, that is, auctions were not held to sell off buildings and equipment to the fat cats. Means of production, as V. Rubtsun the head of the Interbon joint-stock company, noted, have been turned over to the collective at no charge. The employees hold shares and the right to receive dividends, and it makes no sense for them to fritter away their time and carry away everything that is not nailed down. Although we should note that there are already wealthy sponsors and simply ordinary citizens who are investing their money in production and aspiring to gain controlling packages of stocks. One may hold various views of that, but the good thing is that today the tailors and charwomen have not been made fools of.

Today there is no one who would refuse a share of ownership, because matters are progressing. Granted, even Travkin does not have enough authority for everything—for example, the consumers' cooperatives are taking away the approaches to the rural stores, and the railroad trade depot is not being made available to the "privatizers." Nonetheless, in the rayon, which has only 25,000 inhabitants, there are already 160 enterprises that are under nonstate forms of ownership. The proprietors themselves stress, significantly, that 132 of them produce something, that is, are not middlemen and brokers. What do they produce? Well, as in all the provinces—food: meat, milk, grain, fruits and vegetables. And in the spring, geese were added, too.

N. Travkin: "In the rayon people are already singing chastushkas in which Travkin, by way of humor, figures alongside geese. And the price of a kilogram of down, by the way, is from 45 to 55 U.S. dollars. We have invested 6 million rubles in this business, because in the traditional branches it is impossible to break through into the world market. Although even here we are not standing in place—we have expanded the area sown to grain, are building storage facilities and smokehouses, and have patched up 28 old livestock sections and sold them to individual farmers and hog-raising cooperatives."

The people in the hall were highly experienced and had by taught by experiments not to believe in miracles. Maybe that is why they did not take the "goose breakthrough" seriously and took a skeptical view of the "grain bias"—crop rotations are pointless, they said, and crop yields will drop in a year. And as for the more than 10 processing enterprises that are under construction and the new livestock sections—those were readily appreciated. As was the increase in the number of animals being raised in Shakhovskoy Rayon yards and livestock sections, when everywhere else one encounters the wholesale slaughter of livestock.

Well, in my view there is experience that is no less interesting than attempts to break through into the world market or provide incentives for increasing weight on animals and raising milk yields. I am referring to the Social Protection Program—millions transferred to the accounts of trustee councils to provide assistance to low-income people, and a network of municipal stores where prices are 20-30 percent lower than in a state store or consumers' cooperative store.

I am not sure that, with rising energy prices, the Shakhovskoy budget will be able to sustain a three-ruble price for bread for schools, or to compensate an old woman for the difference between her poverty-level pension and a real subsistence income. But so far that budget has grown in good order—the sale of land for orchard plots, entrepreneurship and trade alone have brought in R41 million in eight months. Granted, the money for the most part goes to subsidize individual farmers and entrepreneurs. So the support of the poor is possible if only the producers survive. And that is the number-one problem for our provinces.

N. Travkin: "For all intents and purposes, our government is burying its own producer with purchases of frozen meat and powdered milk abroad. And the provinces, where the authorities are face-to-face with the workers, are paying for these experiments. Thus, we have common problems, and I think that it is time for us to join forces to defend the interests of the provinces."

Well, there was no shortage of proposals as to how that should be done. Everyone agreed that, for a start, it was necessary to secure for all regions the same "freedoms" that were granted to Shakhovskoy Rayon by Boris Yeltsin's recent ukase—the right to determine facilities to be owned and the methods of privatization, and the right to sell parcels of land for dachas and production facilities. A petition was sent to parliament on behalf of the representatives of the provinces containing demands for tax breaks, the subordination of land committees and financial agencies to local authorities, the introduction of alternative services for rural young men, etc.

I do not know what portion of powers the legislators and the government will mete out. But Ruslan Khasbulatov and Aleksandr Rutskoy, who spoke at the seminar, both supported the idea of endowing local authorities with additional powers. And not just because some sort of positive example was discovered in a single rayon. Let me risk conjecturing that an understanding that the outcome of the reforms is not determined by the number of laws and programs adopted or by the favorable disposition of foreign creditors is reaching the upper levels. An understanding that the whole business, in the final analysis, rests with the provinces, which will either reject or accept the reform—will either feed us, or—And Travkin did not miscalculate. He found a promising undertaking in Shakhovskaya, and he continues to distinguish himself in it. And in our times the road to the political Olympus is not barred to "the first lad in the village."

CIS Urged To Coordinate Policies Toward African Debtors

934A0040A Moscow PRAVDA in Russian 9 Oct 92 p 3

[Article by PRAVDA correspondent Igor Tarutin: "Billions Can Only Help Moscow, but How Do We Get Them: On Africa's Debts to Us"]

[Text] Harare—At the very beginning of Peter's rule, the Duma boyars did a lot of thinking as they met in the Faceted Chamber. They wondered how to replenish the empty Russian coffers. Everything seemed to have been taxed already. But all of a sudden one of them had a brainstorm: "There is no tax on bast shoes yet."

The attempts being made by our government leaders to make ends meet and patch up our financial holes resemble this ancient method. Our hard currency reserves are undergoing especially thorough scrutiny. This desire to scrape up all the leftovers has brought to the fore the problem of all the money that various African governments owe the former Soviet Union.

At first glance the sums are considerable: 13.9 billion convertible rubles [R], which in their turn can easily be recomputed in one's mind into railroad cars full of sausage and shiploads of grain. However, with all the attractiveness of such calculations, they remain purely speculative.

First of all, we have to remember that R12.3 billion or 89 percent of the total debt are payments for military supplies. It is not very easy to get this money back. How can we demand a payment of its debt from Ethiopia, for instance, which owes us 2.63 billion in such accounts. The arms were bought by the previous regime and used to fight off the coalition now ruling. It is doubtful that it will agree to pay the cost of tanks, cannons, and fighter planes that were used to exterminate its soldiers. To a certain extent the same is applicable to two of our other major clients that bought military hardware on credit: Angola owes us R2.1 billion and Mozambique R647 million. Their economic debts to us make up a total of over R1.5 billion and, unlike the indefinite situation with military debts, they ought to be paid. We simply cannot afford to write them off, even if we make allowances for the distressing situation in most countries of tropical Africa.

But neither can we demand the impossible. The same Ethiopia is living through a period of collapse and chaos and at this time it cannot physically pay us economic IOU's which have reached R445 million. Mozambique finds itself in a similar situation, owing us 243 million. Any expectations of a future improvement of the situation are quite uncertain and are definitely distant.

It might probably make more sense to sell those debts, if even for a considerably lower sum.

But this measure should be attempted in the most hopeless cases only. Some people suggest that we sell off all the debts wholesale now, at least for one forth of their worth. Buyers can be found, and this fact makes you think that the case is not all that hopeless. Maybe we should not be rash either? The immediate profits will not be large and they will not help us out anyway. But suppose we can get the money back later in full?

We need to find new forms and solutions that will be mutually acceptable. One of the more promising ways, for instance, is to transfer the debts from hard into local currency. Africans have problems with American dollars but they have nairas, kwachas, kwanzas. This money can be invested into joint ventures, into purchases of some types of goods that would be mutually agreed upon, especially agricultural produce.

There are numerous possible and obvious ways to "convert" the debts. They may provide a lot of food for thought to our scientists, foreign trade organizations, and diplomats. Why not set the task of resolving this issue as the main goal in the work of Russian embassies working in the main African countries which owe money

to us, let us say? The real gain from such work will be a lot higher than that from their voluminous reference papers on secondary issues.

It is important to start acting now. First, we should at least coordinate our positions. Africa owes money to other CIS states beside Russia. It would not improve things if each country negotiates separately, trying to grab at least a part of its own share. We need to have a common platform so that we can escape confusion and also ensure maximum returns.

We do not need the chanted statements about the necessity of paying one's debts; we need to work on how to do it better and quicker, based on the real-life circumstances unfavorable both for us and for Africans.

Leader of Movement for Solidarity With Asia, Africa Interviewed

934C0039A Moscow AZIYA I AFRIKA SEGODNYA in Russian No 7, Jul 92 pp 36-37

[Interview with Sarvar Alimzhanovich Azimov, President of the Chairmen's Council of the Movement for Cooperation and Solidarity With the Peoples of Asia and Africa, conducted by AZIYA I AFRIKA SEGODNYA correspondent D. Kasatkin under the heading "Our Interviews": "The Movement for Cooperation and Solidarity: New Directions"]

[Text] *At the beginning of this year the Soviet Committee for Solidarity was transformed into the Movement for Cooperation and Solidarity With the Peoples of Asia and Africa. Its founders were solidarity committees in Azerbaijan, Armenia, Kazakhstan, Tajikistan and Turkmenistan, the Russian Society for Solidarity and Cooperation With the Peoples of Asia and Africa and the Uzbek Movement for Solidarity and Cooperation Between the Peoples of Asia and Africa. The heads of those organizations form a Chairmen's Council which is responsible for collective leadership of the Movement. Sarvar Azimov, chairman of the Uzbek Movement for Solidarity and Cooperation Between the Peoples of Asia and Africa and a well-known writer and diplomat, was elected Chairmen's Council president for 1992. Our correspondent D. Kasatkin asked him to answer a few questions.*

[Kasatkin] Please tell us what prompted the creation of this new international social association.

[Azimov] The reasons behind the emergence of this social organization are directly connected with changing domestic and worldwide realities. Within the territory of the former USSR, independent states have taken shape, and a majority of them have united to form the CIS. On the agenda was the issue of how to develop cooperation between them and strengthen mutual understanding and good-neighborliness. What is happening is a creative dismantling of the dogmatic ideological doctrines which were dominant in our society in the past, and which naturally were reflected in the actions of those participating in our Afro-Asian solidarity movement.

One of the most important goals of our Movement is to help solve the urgent problems of our Commonwealth—interethnic, religious and interregional problems. The newly-formed Movement is directing its efforts toward development of solidarity among the peoples of the Commonwealth and toward resolution of interstate friction and conflicts within the CIS resulting from the disintegration of the Union.

The thrust of our Movement's activities in the international arena is changing. That is in part due to the fact that the solidarity movement's original goals have been achieved: the colonial system has disappeared from the face of the earth, with independent national states appearing in its stead. The handwriting is on the wall for apartheid in South Africa. Now the most important things are equal cooperation with the sovereign Afro-Asian peoples, affirmation of common democratic values and respect for the rights and liberties of every person.

Study of positive experiences in developing countries like India and Egypt will be of great practical significance at this stage of radical economic and political reform in the sovereign republics of the Commonwealth.

Our Movement will interact with the U.N. and its specialized institutions, as well as with the Organization for Solidarity Among the Peoples of Asia and Africa and other regional and international organizations.

[Kasatkin] Due to the fall of the totalitarian, command-oriented system in our country the very concept of "solidarity" has undergone substantial changes. What is your definition of that term?

[Azimov] In view of the fundamental changes occurring both in the CIS and in the world arena our Movement is now faced with new tasks. For many years we were oriented toward the concepts and approaches typical of a period of global confrontation and "cold war." During that period we had to "be in solidarity" with someone against someone else, and intensive efforts were made to instill the image not only of "enemies," but also of "friends," particularly ideological ones. Yet our state interests suffered in many areas as a result of policy based on artificial imposition of ideological principles. We often provided economic and political support to countries and regions which, though proclaiming slogans and principles that were ideologically acceptable to us, were in fact pursuing a repressive course directed against their peoples. By the same token, despite our state interests we isolated ourselves from many countries, including neighboring ones, which in their domestic and foreign policy were guided by principles and approaches different than our own. It should also be noted that even in countries with which we had amicable relations we were most often oriented toward those social movements and groups that were close to us only in ideology, even if they did not enjoy sufficient respect or influence in their own countries.

I look at the concept of "solidarity" through the prism of the renewed concept and present-day value orientations of our Movement. Those require expansion and deepening of contacts with "ideologically steadfast friends" and also with the broadest range of countries, including those with whom we had hostile relations in the past for one reason or another. The idea of solidarity among all human beings requires development of relations with the most diverse political and social forces, whether the business, religious or cultural segments of society, that have as their goal affirmation of human rights, personal freedom and the ideas of democracy. That will help expand the Movement's social base.

Realization of the principles of new political thinking and the new world order are very closely linked with eradication of poverty and lack of spiritual values and the arms races, which are the principal sources of misery in this world. Our Movement's most important purpose is to demonstrate solidarity with the efforts of the peoples of Asia and Africa to achieve those goals.

[Kasatkin] For a long time support for the national-liberation struggle was proclaimed to be one of the fundamental goals of the solidarity movement. That concept also includes support for the struggle for economic independence. Those were the fundamental principles. What is the position of the Movement for Cooperation and Solidarity on those issues?

[Azimov] The term "national-liberation movement" in its previous sense has effectively disappeared from the historical scene. There are virtually no territories of any significant size or population in the world that remain colonies. Young national states have taken their place. Due to the close interdependence of the modern world the concept of "economic independence" has taken on a new meaning. One could actually claim that there is not a single "independent" country anymore in economic terms, including the United States. For example, many American companies depend on suppliers which belong to other countries.

Of course, the developed countries are not pursuing philanthropic goals in their relations with developing countries. They are trying to make a profit. Yet at the same time the capital they invest in various sectors of the economy is doing much to encourage progress in the countries of the "Third World" and is having a positive effect in terms of technical refitting of their production facilities. Incidentally, the CIS countries are also interested in capital investment by the developed countries, and are creating favorable terms for them.

As we develop a new concept for the Movement we must take a very resolute inventory of our conceptual baggage and critically examine it at a fundamental level. Human interests, human rights, human life and prosperity, as well as the interests of socioeconomic development and protection of the environment, must form the foundation of the Movement's activities. Dialogue and cooperation must be the only means of attaining those goals.

[Kasatkin] There are presently 1.2 billion Muslims in the world, most of them living in Asian and African countries. The CIS has around 60 million Muslims. This puts the Commonwealth in fifth place, after Indonesia, Pakistan, Bangladesh and India, in number of Muslims. What is the position taken by the Movement of which you are head with regard to Islam?

[Azimov] Religion is one form of social consciousness. And Islam, in view of its share of and influence in the world, is a significant factor in the molding of social consciousness. Furthermore, the number of adepts of Islam in various countries is constantly growing. Many adherents of that religion regard it as a means of moral purification and improvement. That tendency has also affected the CIS member countries. It was there that the process of revival of traditional and religious national values began. Our Movement should pay more attention than it has in the past to the moral and system-forming role of Islam in the lives of Eastern peoples and use that tremendous experience to aid their development, and also in the interest of the CIS countries. The law on freedom of conscience that has now been adopted creates favorable conditions for the establishment of contacts and relations between our movement and various social strata of Muslims both within the CIS and abroad. Especially since the attitude toward Islam in our country has now changed significantly.

Under the conditions which existed in an ideology-based totalitarian system Islam was considered a hindrance to socioeconomic development. That attitude gave rise to a sort of "Islamophobia" in society. Yet there was absolutely no basis for creating that kind of atmosphere. For if we examine the documentary sources of Islam, in particular its principal book, the Koran, we conclude that this religion includes an appeal to people, regardless of their ethnic or social status, to strive for mutual understanding, convergence and cooperation based on piety and good deeds toward one another. But those noble goals are also in accordance with the ideals of the Movement for Solidarity and Cooperation. We will do everything in our power to encourage constructive interaction between Islam, Orthodoxy and other religions for the sake of our Commonwealth's political stability and the prosperity of all the peoples that inhabit it.

[Kasatkin] Many economists, both in Russia and abroad, conclude when analyzing the socioeconomic situation in the former USSR that its successors—the CIS countries—are developing states. Facts have been cited in support of that conclusion. Esteemed Sarvar Alimzhanovich, what is your opinion of that assessment, and what are the tasks of your social Movement against the backdrop of the difficulties we are experiencing?

[Azimov] Assessing the socioeconomic status of the CIS countries is something which requires that many criteria and parameters be taken into account. I would assign that task to political scientists and sociologists, who could perform it on the basis of a thorough analysis of

the situation in the CIS and scientific-based data compiled in both groups of countries. However, the unsolved nature of many socioeconomic problems in our countries and the difficulties of the transition period do in fact give reason to compare the state of affairs in the CIS with the situation in developing countries. However, as we have noted, many CIS states are a part of the Eastern world, and their problems are in many ways interwoven with the tasks which face developing countries. That fact supports the idea that the interests of our countries and the peoples of the Afro-Asian world coincide in many ways in terms of our mutual relations with developed states. Definition of those interests and problems and their presentation to the world community is one important aspect of activities by our Movement, which is so essential to the world.

COPYRIGHT: "Aziya i Afrika segodnya" 1992

Nazarbayev's UNGA Statement on Ethnic Conflicts Noted

PM1210104792 Moscow KRASNAYA ZVEZDA
in Russian 7 Oct 92 p 3

[Correspondent Aleksandr Golts report: "N. Nazarbayev: Question of Borders Is a Powder Keg"]

[Text] The question of the borders is a powder keg which is ready to explode at any moment. Furthermore such explosions, as a rule, hit not only those who are playing with fire but also many others who have a very tenuous relationship with those applying the torch. Recently many statements like this one, which we heard in the Kazakh president's speech at the United Nations, are being made at all the international forums. In recent days similar things were heard at the UN General Assembly on several occasions. Many people have seen the danger of national conflicts whose goal is to redraw the borders.

But the Kazakh president did not restrict his speech to merely giving an account of what is happening. Moreover, unlike several representatives of other of the former Soviet Union's republics, he did not start looking for good guys and bad guys. He has also not put his trust in the United Nations' using force in an emergency intervention. Instead he tried to see what was preventing the world community from averting and stopping such conflicts. Nazarbayev considers that the point here is that the "rights of national minorities today are often equated with nations' rights to self-determination right down to their forming autonomous states."

But this is incorrect. It is impossible to disagree with the Kazakh leader when he considers that, as the result of creating a totem from a principle taken to absolute extremes, several thousand dwarf sovereign states may appear all around the world. "I am convinced," he emphasizes, "that the world community which is so rightly paying so much attention to the rights of national minorities today, should clearly set out their criteria. Otherwise, the state integrity of any multinational

country will be put in doubt under the pretext of a nation's right to self-determination, and there will be no end to this consuming separatism."

Is it worth explaining these criteria at a time when the former Union's territory is ablaze with the fire of interethnic conflicts, when people are dying, and blood is being spilt in torrents? Is there time for theoretical investigations? I think that the problem has been raised at just the right time. It is precisely the fact that the idea of a nation's right to self-determination is becoming an absolute—which is now a kind of reaction to the past—which has essentially blocked both the CIS' and the United Nation's ability to stop the conflicts. That it is becoming an absolute has prevented and continues to prevent us now from calling separatists separatists and criminals criminals.

But now both our Commonwealth and the United Nations are actively developing the idea of preventive diplomacy. A type of diplomacy which will not only be capable of preventing interethnic conflicts, but, if necessary, also of using force to bring about peace. But in precisely this case the politicians need objective criteria in order to determine where the struggle for the rights of this or that nation begin, and where encroachment on the rights of another begins. Otherwise, the world community is threatened with becoming hostage to the sympathies and antipathies of one of the warring sides.

The Kazakh president has succeeded in noticing this serious problem. A problem which confronts not only those who are in session in New York, but also those who will arrive in Bishkek this week.

Central Asian, Mideast States To Confer on Security

92P50139A Moscow NEZAVISIMAYA GAZETA
in Russian 18 Sep 92 p 3

[NEGA item under the rubric "Events, Meetings, Visits: Promptly After the Fact"]

[Text] Kazakhstan—In October and November, there will be a meeting in Alma-Ata of the leaders of Turkmenistan, Kazakhstan, Turkey, Iran, Uzbekistan, Pakistan, and Kyrgyzstan. It is proposed to consider the idea of creating a new collective security system in Asia. It is planned to base the concept of a Conference on Mutual Action and Confidence-Building Measures in Asia on the principles of work of the Conference on Security and Cooperation in Europe [CSCE] and to use the structure of the latter organization in creating the former's own mechanism. In the opinion of the initiators of the new meeting, the Asian collective security system should not have an exclusive character, so as to make it possible for other states in the region to join, in particular Russia, China, India, and Mongolia.

Railway Fuel Transport Performance Detailed

General Situation

934A0056A Moscow GUDOK in Russian 1 Oct 92 p 1

[Article: "Pace on Operations on the Rail Network: Fuel Hauls"]

[Text] A transition period has obviously begun in petroleum-product hauls: The delivery of fuel for Russia's agroindustry has basically been completed. The same thing is true with regard to hauling fuel and lubricating materials to the regions of the Far North. At present more than 3,000 loaded tank cars are standing idle in our country's Far East and near Arkhangeisk waiting for tanker tonnage.

The situation is the same with regard to mazut [residual fuel oil]. The storage capacities of the electric-power stations are completely filled with it. There are no orders, and the oil refineries are not shipping out any products. Thus, for example, the Perm Refinery at present has 250,000 tonnes of petroleum products on hand, including 170,000 tonnes of mazut, and they declare that only 50 percent of the planned amount will be shipped out.

Things are quiet for the time being. But as soon as the cold weather starts, the customers' voices will be raised anew: They will say that the railroad people have broken off deliveries. And who would blame them for saying that?

Turkmen Situation Highlighted

934A0056B Moscow GUDOK in Russian 1 Oct 92 p 1

[Article by V. Veys, correspondent: "Turkmenistan's Oil-Loading Facilities Are Not Operating at Full Capacity"]

[Text] If we were to use the well-worn comparison of oil to blood in the economic organism, then we would have to say that quite a few substantial stoppages and breakdowns have begun to occur in Turkmenistan's circulation system. And these stoppages did not come about because of any shortage of petroleum products, but rather because of an insufficient number of tank cars available for shipping these products out. Therefore, the oil-loading facilities of the Krasnovodsk Territorial Association for Providing Petroleum Products and those of the Chardzhou NPZ [oil refinery] are not operating at full capacity. The latter has accumulated thousands of tonnes of mazut, and—because of this—the distillation engineering line has come to a halt. Light gasoline, which customers need so badly, is in storage. What's the matter here? Why is there such an acute and sudden shortage of rolling stock just at this time?

Formerly, when the Turkmen Main Line was included within the Central Asian Railroad, such a question did not arise: The cars were turned around in a loop fashion and arrived precisely at the local oil-loading facilities. But when this republic switched over to independent

contractual ties with the customers, the tank cars—because of the lack of a strict return mechanism—have begun to "dissolve" on Russia's railroads and on those of the former Soviet Union's other republics. In recent times Ukraine alone has failed to return approximately 700 such tank cars. Whole trains made up of them depart from the Baltic and Ukrainian ports, heading not to the location where they should be formed up to make their main-route express runs, but in an other direction.

As a result, in August the Turkmen Railroad failed to load more than 2,800 tank cars. In September the picture was just the same. I was told about this in the republic-level Goskomnefteprodukt Association by Yu. Malakhov, the division chief. And this is understandable. He has made complaints against the railroad people. And what do they say?

K. Kakaliyev and B. Amanov, the deputy chiefs of this main line's hauling service, explain the situation as follows: In former times the republic's economy was keyed only on exporting refined petroleum products and those in transit from Azerbaijan. The return flow of empty tank cars was regulated from the Center. If the car-numbering system began with a "five," that signified that it had been leased from some point, and it was eventually returned to its "owner." But if the tank car had a number "seven," that meant that it was the property of the Ministry of Railways, and it was used under Moscow's strict administrative "eye." But the unity of the rail network has been destroyed, and nowadays each railroad strives to use such an empty tank car for their own advantage.

The people in this republic's Goskomnefteprodukt have reacted skeptically to the railroaders' proposal to haul products in "sevens," based on the "round-trip" principle. They say that it would increase costs, raise prices, etc., but would not solve the problem. Well now, if we were to assign these tank cars the so-called "advance" cost or value—like an empty container in a store, then perhaps the return mechanism would begin to work.

But meanwhile the Turkmen Railroad requested the republic-level government for funds with which to purchase 650 railroad cars. And it quickly received an "OK" for this purpose. But why didn't they skimp and save a billion rubles here? The answer is simple: Because of export shortages of petroleum products to Sweden alone during the August-September period, Turkmenistan received 207,000 tonnes of wheat less than it would have otherwise. And so the quiet calm at the oil-loading facilities can have a direct effect on the store shelves and counters. And bread in Turkmenistan is one of the products in greatest demand.

Of course, these 650 railroad cars are obviously not enough for the railroad. But they certainly can introduce a certain stability in the delivery of supplies during the initial period. That means that the people at the Chardzhou Oil Refinery will not have to ask Russia's oil

people to stop sending raw materials through the pipeline, nor will those people in the oil business have to slow down their wells or even plug them up.

As we have seen, the chain is very, very sensitive. And it begins with those empty railroad cars which "dissolved" in the vast expanses of the CIS.

Bashkir Problems Examined

934A0036C Moscow GUDOK in Russian 1 Oct 92 p 1

[Article by V. Grechanin, correspondent: "Bashkiria's Oil-Loading Facilities Are Not Operating at Full Capacity"]

[Text] The harvesting fever is now at its height in Kazakhstan's Virgin Lands. Because it began two weeks later than usual, it has now become bogged down in autumn's mud and bad roads. The disrupted pace of harvesting and the shortage of time have exacerbated the need for fuel for the equipment still further, and the farmers also need to lay in fuel supplies for the winter. It is understandable that the hopes of the Virgin Landers were and are pinned on receiving supplies to be delivered from nearby Bashkiria. And the railroad people here were prepared to make their own contribution. However, instead of 70 tank cars a day—as had been planned for September—only about 10 a day were dispatched for customers in the region served by the Tselin [Virgin Lands] Railroad.

But there is no need to become particularly irritated on this score. The fact of the matter is that the rather indifferent harvest in Bashkiria and—in contrast—the extremely abundant one in Kazakhstan impelled both republics to reach an agreement concerning the reciprocal deliveries of more than 800,000 tonnes of light petroleum products in exchange for approximately the same quantity of grain. However, in August Bashkiria lagged behind in fulfilling its obligations. In order not to disrupt this barter deal, which was so very important for themselves, the Bashkir republic-level authorities put a halt to rail shipments of gasoline and diesel fuel in accordance with direct plant contracts, and they directed a powerful flow of fuel through the pipeline to Kazakhstan.

In general, pipeline transport is now participating fully in fuel transfers. And not merely to Kazakhstan. But what about those customers who can obtain fuel only via the railroad?

The situation here is changing quickly, and there are many peaks and troughs. With regard to shipping out gasoline, this railroad division is 700 and more cars ahead of the plan, whereas with regard to diesel fuel, it is lagging behind by almost 600 cars. There is not enough capacity in the Ministry of Railways fleet; the refineries do not always have finished products, and ecological-type problems are delaying oil-loading operations. At the same time, however, an average of 150 cars belonging to the enterprises themselves stand idle every day in the freight yards of this railroad division. Refineries are

refusing to load fuel because some customers are not making their preliminary payments.

The situation is even more complex with regard to shipping out dark petroleum products on which the division was already lagging behind by more than 200,000 tonnes in September. With the coming of autumn, the "pressure" on the railroad increased re this matter. The customers repaired their warehouse and other storage facilities, strove to create reserve supplies of mazut for the winter, and then started to demand that shipments be speeded up. However, in September the division was short of the schedule by about 10,000 tank cars.

The division's oil-loading stations have turned out to be in a complex situation. At present Ufa's oil refineries have accumulated more than 100,000 tonnes of dark products—primarily mazut. This is almost the limit of the capacity of the refineries' storage tanks. And where are the tank cars? They have clogged the railroads to overflowing. Here is a lugubrious list of such cars. On the Lvov Railroad—3,500, on the Odessa Railroad—5,500, and on the Azerbaijan Railroad—1,400.

With the help of the Ministry of Railways, the situation began to be corrected literally in the last few days. On 28 September the division obtained 10 express-route empty tank cars, which were immediately put in the oil-loading facilities.

At present for the producers, marketing people, and customers of petroleum products there is no more urgent problem than that of the regularly recurring price rises on energy sources. This is true because, of course, enterprises must make corrections in already existing agreements and contracts, as well as weigh the possibilities of their own pocketbooks before concluding new ones. Here too there have been more questions than answers up to now. Specific prices are set by the producing refineries and the organizations of Roskomnefteprodukt.

It is understandable that some factors in various regions coincide, whereas others may differ. But it is still not clear why in Bashkiria the new price for a tonne of fuel is exactly double the previous price while in Samara Oblast it quadrupled. A. Bessmertnov, the division chief of the oblast-level Committee on Prices, complains as follows: "Indeed they have 'driven us into the corral.' Now we are being discriminated against together with the Russian Committee on Prices."

No matter what the demand for petroleum products may be, in the opinion of the specialists, it will scarcely decline, nor will their transport by railroad.

Nechayev Offers Options for Interstate Cooperation

934A0041A Moscow NEZAVISIMAYA GAZETA
in Russian 29 Sep 92 p 2

[Report by Sergey Parkhomenko: "Russia's Relations With the Republics. The Government of Russia Defends Economic Principles"]

[Text] Plans for the structural reshaping of the Russian economy, to which Saturday's news conference by the Russian Federation minister of the economy, Andrey Nechayev, was devoted, are, to judge all in all, bound exceptionally closely with the program to reorganize the entire system of interstate economic relations within the CIS framework. In any event, the minister considered it necessary to deal in particular detail with the measures that have been devised by the Government of Russia as the basis for talks with the administrations of the former Union republics on the principles of cooperation for 1993.

Andrey Nechayev reported as follows. "In the drafts of bilateral documents that have now been prepared with virtually all the republics, the main thing is not agreement on commodity exchange, but agreement on free trade, similar to the one signed recently with Estonia. They now finally delegate all rights in determining further mutual relations directly to the enterprises. As far as the traditional intergovernmental agreements on shipments are concerned, whereas last year they covered 100 to 120 positions in the commodity product list, now they cover only three or four positions, determined in each specific case."

Here, the minister of the economy clarified, the Russian Government is proposing two schemes for the organization of shipments.

The first is "pure intergovernmental barter based on world prices," of the type approved recently in the agreement with Turkmenistan—oil for cotton. Purchase of goods offered by the Russian side is being assigned to a federal contract system set up jointly with the Ministry of Trade and Material Resources. It also markets materials and raw materials for Russian enterprises received after "simple exchange in kind."

The second scheme is to confirm obligatory shipments (for those same three or four kinds of products), but under the condition of preliminary determination of the specific client enterprise. "We are abandoning any kind of strictly government pledges and are in fact reducing the work of the government in this sphere to the issue of permitted quotas, if we talk about quota goods. And

price is determined once again by the enterprises themselves," Nechayev emphasized. Moreover, according to the Russian Federation minister of the economy, about one-third of the quotas (in particular for oil) will not be made firm beforehand for any specific republic. And if any one of them manages to buy up the entire volume, no one is about to put obstacles in its way.

In determining the system for interrepublic payments, Russia proceeds on the basis of its intention, "the active opposition notwithstanding, to preserve a narrow range for the balancing of accounts for each republic in the Central Bank of Russia." It is also necessary to stipulate precisely a scale of technical credit for partners in the CIS that makes provision for payment of an appropriate credit rate, even if it is low. And in the event that the established volume of credit is exceeded, "A republic should inevitably face the question of transferring rights of ownership." However, according to Nechayev, the mechanism itself for this "settlement of debt with property" remains unclear, although almost all of Russia's partners in the talks have recognized the fairness of such an approach.

The subject of mutual relations with former Union colleagues is becoming especially acute, including with respect to the way it affects Russia's acceptance of refugees from neighboring states. "In and of itself, this problem will require enormous funds. We must apparently conduct a mass evacuation of the Russian-speaking population from Tajikistan, and that is being done. The outflow from the Baltic republics is significantly greater than we had expected," Andrey Nechayev stated. As a minimum, he reckoned that the estimate for enforced migration into Russia expected for 1993 would be at the level of 1.5 million to 2.5 million people. This figure will probably grow even more, if we take into account the servicemen withdrawn from army units on the periphery of the former USSR, and the members of their families. Construction of housing for these two groups of resettlers will, in Nechayev's opinion, evidently be an economic priority next year. Moreover, this direction in housing construction should be the only one directly supported by the Government of the Russian Federation.

"On instructions from the government, the Ministry of Foreign Affairs of Russia will now firm up its position on talks with the republics. Even though this is connected not only with migrants, the question will be raised very firmly about compliance with the tripartite Moscow agreement with respect to Georgia. For us, normalization of the situation in the North Caucasus is not only tactically, but also strategically, much more important than any kind of special relations with Georgia," the Russian Federation minister of the economy continued. "Our position will also be changed at the talks with Estonia and Tajikistan...."

POLITICAL AFFAIRS

National Patriotic Front Rightist Groups Meet

934C0090A Moscow NEZAVISIMAYA GAZETA
in Russian 7 Oct 92 p 2

[RIA Item: "Conference of Rightist Forces"]

[Text] The first Conference of Rightist Forces of the Pamyat National Patriotic Front (NPF) has begun in the Film Actors Theater in Moscow. In opening it, Pamyat NPF leader Dmitriy Vasilyev reported that representatives of many Russian citizens are taking part in the conference, but he didn't want to name them because, as he put it, "right-wing forces in Russia are semi-underground" at a time when the country has been "occupied by left-wing forces and an alien intelligentsia" that is acting "on behalf of American capitalism and world Zionists."

Christian Democrats' Aksyuchits, 'Free Russia's' Rutskey Meet

934C0090B Moscow NEZAVISIMAYA GAZETA
in Russian 10 Oct 92 p 2

[Article by A.O.: "Party Leaders Meet"]

[Text] Viktor Aksyuchits, leader of the Christian Democrats, has met with Russian Vice-President Aleksandr Rutskey, representative of the Free Russia People's Party.

The Christian Democrats have decided to withdraw from the right-left opposition bloc known as Russian Unity and adopted a resolution on this matter that says there were insufficient grounds for their movement to stay in that group since "their fundamental positions do not coincide with those of the leftists." In this connection, the question of "immediate consolidation with the noncommunist opposition" is on the Christian Democrats' agenda. Speaking in parliament, Aksyuchits characterized this as an aspiration to create a "coalition for real reforms." To start, the Christian Democrats intend to restore friendly contacts with the Democratic Party and the Free Russia People's Party.

This, among other things, was a subject of the two party leaders' discussion. Furthermore, the basic principles of the Christian Democrats' economic program, which they adopted recently, are very close to the ideas of Yevgeniy Saburov, one of the Civic Alliance's leading economists.

'Den' Movement Protests Encroachment of 'Market Economy Plague'

934C0090C Moscow NEZAVISIMAYA GAZETA
in Russian 10 Oct 92 p 2

[Article by T.Zh.: "Den Holds Evening Protest"]

[Text] The Den movement, which brings together the most active subscribers of the newspaper of the same

name, is still in the process of organizing itself. However, its activists decided to hold their first action anyway, one aimed against the "struggle against the market economy plague," personified in this instance by the notorious MacDonalds. On the evening of October 8, some 40 to 50 members of the spiritual opposition, holding such signs as "MacDonalds Defiles Russia," "Pushkin Square is No Rubbish Heap," and "Moscow for Russians," spend about an hour and a half to two hours standing outside that establishment of vice, handing out leaflets to passers-by and trying to instill some of their beliefs in them.

According to one of the movement's activists, "those gathered here are not chatterers from politics, but people who have worked all their lives, who realize that they have been deceived, and who don't want to work for the uncle now."

In the near future, the movement plans to hold a meeting of its younger members with Sergey Baburin and Yuriy Vlasov.

Report on International MDR's Protest at Registration of Russian MDR

934C0090D Moscow RABOCHAYA TRIBUNA
in Russian 2 Sep 92 p 2

[Unattributed article: "Every Popov Is a Father, and What Father Doesn't Have His Own Party?"]

[Text] There used to be a saying in Rus: "The law isn't frightening if you know the judges." Just how true it remains today is demonstrated by the Russian Federation Ministry of Justice's registration of the Russian Movement for Democratic Reforms (MDR)—the political refuge for Moscow Mayor G. Popov.

As professor Igor Smirnov, chairman of the International Movement for Democratic Reforms Executive Committee, told our correspondent, it sent an official letter back in June of this year to the Ministry of Justice in which it firmly demanded that the Russian MDR not be registered. The reason was simple: The Russian MDR is not a collective member of the International MDR, which the Ministry of Justice registered previously, and its calls to action are in conflict with the MDR program. Moreover, the Russian Movement for Democratic Reforms is represented in the MDR Political Council by the Association of Regional Centrists, led by the following co-chairmen: Novosibirsk Mayor I. Indink; Tver Deputy Administration Chief Yu. Sladkov; and S. Lavrentyev, a lecturer from Bashkortostan.

The illegality of registering the new organization—the Russian MDR—under the name of a movement that already exists is an elementary norm of legislation on parties and public organizations in foreign countries. Not so in Russia, which, according to its leaders, has now become a rule-of-law state. The letter caused only slight embarrassment in the Ministry of Justice. What followed

was routine work by the corruption-administrative apparatus put together by G. Popov to replace the command-administrative apparatus.

Igor Smirnov went on to say that the International MDR Executive Committee lodged an appeal on August 21 with the Russian Supreme Arbitration Court. In this connection, he suggested that RABOCHAYA TRIBUNA's readers observe the legal authorities' next round of political acrobatics. And they can be expected, for behind the registration of the Russian MDR are millions of "shady" rubles pumped into the public "democratic" structure, appropriated property, and the subleasing on preferential terms of buildings that do not belong to the Russian MDR.

ECONOMIC AND SOCIAL AFFAIRS

DELOVOY MIR Economic Statistics, 5 Sep

934A0077A Moscow DELOVOY MIR in Russian
5 Sep 92 pp 2-3

[Report under the rubric "Statistics" by Valeriy Galitskiy, Aris Zakharov, and Aleksandr Frenkel: "High Prices Paralyzing Production"]

[Text]

Building the Foundations of the Market Economy

The dominating form of ownership in Russian industry for the time being remains state ownership. Lease-based ownership encompasses about 16 percent (3,679) of industrial enterprises, for which production volume over the first half of 1992 amounted to 620 billion rubles [R] (12.6 percent of the total production volume). They appear predominantly in the construction materials industry (1,182 enterprises), machine-building industry (700), food industry (693), and light industry (627). The process of formation of the nonstate sector is proceeding slowly and its share of the total number of enterprises is small.

As of the beginning of July, the number of industrial enterprises under private ownership came to 850 (3.6 percent of the total number of enterprises), and their volume of production for the first half of 1992 amounted to R226 billion (4.6 percent of the total production volume). The greatest degree of development of the private sector as of today is seen in the industry of Mordovia, Tula and Penza Oblasts, and the republics of Tatarstan, Adygey, and Bashkortostan.

In January-July 1992, about half of the entire volume of construction projects was accomplished by state organizations.

In the current economic situation we see increasing volumes of unfinished construction. Time frames for erecting facilities are being dragged out ever more frequently. Many enterprises do not have the capabilities

for completing projects begun and are forced to put them up for sale or suspend work.

According to report data from the Russian State Committee for Statistics, over six months of this year 83 uncompleted construction projects in the Russian Federation were sold, amounting to a total of R0.5 billion. More than half of these constituted municipal property; only three projects related to federal property. These were mainly facilities being constructed for the social sphere. Almost half of them are trade or public kitchen facilities. There were no sales of major industrial enterprises or long-term construction facilities.

Temporarily suspended or shelved construction projects with low degree of construction completeness (less than 50 percent) were sold mainly due to a lack of financing for project continuation.

The state of affairs in trade shows certain positive shifts in the sector. Centralized shipments are being curtailed, facilitating a weakening of the monopolism of wholesale enterprises in effecting product supply of the retail trade and assisting in replacing the previous systems of bureaucratic distribution with genuine trade. According to survey data with respect to 77 state and 18 private stores, the percentage of shipments through the wholesale trade network of the total volume of products arriving in state trade stores was reduced from 68 percent last year to 54 percent this year. As a result of the intensified commercial activity of stores, we see an increase in product shipments through direct links with the manufacturing enterprises (from 18 to 21 percent), in shipments based on independent procurement or barter transactions (from 9 to 17 percent), and shipments effected through the exchanges and other sources (from 4 to 7 percent).

As of 1 August 1992, the total number of peasant (owner-operated) farms in Russia came to 133,000, constituting an area of 5.4 million hectares of land (41 hectares per farm on the average).

The greatest increase in peasant (owner-operated) farms last month was seen in Krasnodar (by 900) and Stavropol (by 500) Krays, and in Volgograd (by 300), Leningrad, Perm, and Tyumen Oblasts. In July 10-20 owner-operated farms each were established in Ivanovo, Lipetsk, Ulyanovsk, and Amur Oblasts, and in Karelia, Mari-El, Mordovia, Tatarstan, and Khakassia.

Relatively large-scale farms were established in July in Smolensk, Tver, Nizhniy Novgorod, Voronezh, Astrakhan, Volgograd, Saratov, and Novosibirsk Oblasts (averaging 60 to 100 hectares per farm), in Altay Kray (160 hectares), Orenburg Oblast (260 hectares), and Kalmykia (440 hectares). Up to 20 hectares per farm were afforded the private farmers of Novgorod, Bryansk, and Ulyanovsk Oblasts, Chuvashia, Tatarstan, and Bashkortostan.

As of the beginning of July, 217 commodities exchanges were operating in the Russian Federation, or 35 more

than at the beginning of the year. As before, however, they continue not to exert any significant influence on material-technical supply in the Russian economy. Their activity even decreased somewhat during the second quarter of this year. Whereas the total exchange turnover for the first quarter reached R293 million per exchange on the average, in the second quarter it amounted to R258 million, or decreased by 12 percent, despite the liberalization of prices. Total exchange turnover for the first half of the year amounted to R114.8 billion, R56 billion of this being attributable to the second quarter.

Industry

Reduced investment activity predetermined a drop in the output of many varieties of technology and equipment, metal products, and building materials and articles. Given the difficult financial state of most enterprises, demand is leaning in the direction of effective varieties of materials and raw materials which would permit decreased consumption of materials for final production. Ever increasing pressure on production is being exerted by the limited demand both for industrial production output and goods for the population, and by the growing surplus of ready production in enterprise warehouses due both to an inability of consumers to pay and to a rejection of products offered by virtue of their high prices and low quality. In August, according to estimates, the situation with respect to depth of crisis regarding many of the most important production varieties will be similar to that of July, in spite of the fact that for half of the articles the daily output over 16 days of August was somewhat greater than during the first half of July. Among these articles are motor vehicle gasoline, excavators, tractor trailers, polyethylene, tires for trucks and automobiles, construction-use bricks, and many varieties of consumer products.

The drop in daily production slowed down somewhat in August with respect to 33 production varieties as compared with July. These include coking coal, gas, finished rolled metal, woodworking mounts, bulldozers, grain-harvesting combines, vehicles, synthetic ammonia, mineral fertilizers, chemical fibers and filaments, marketable cellulose, soft roofing materials and rolled insulation, window glass, electric vacuum cleaners, silk fabric, footwear, whole milk products, tea, and synthetic detergents.

For 35 varieties, however, the dropping trend in average daily production output for the August period which just expired accelerated as compared with the July level. This was the situation with respect to extraction of coal, oil, and peat, diesel fuel production, production of furnace fuel oil, steel pipe, metal-cutting machine tools, freight cars, tractors, polystyrene, paper, cardboard, hardwood fiberboard and wood-particle panels, commercial timber, lumber, cement, slate, high-quality asbestos, washing machines, televisions, butter, vegetable oil, and cheeses.

A reduced level of extraction of the main fuel varieties continued to be seen in the extraction industries during the first half of August. As compared with the same period in July, daily extraction of oil was reduced by 2

percent, coal—by 6.5 percent, and gas—by 0.8 percent. The lag as compared to last year's level was more significant—by 17 percent for oil, by 14 percent for coal, and by 3 percent for gas.

Taking into account the trends which have developed, it is expected that the January-August level this year will show a decrease in extraction of oil by 44 million tonnes (14 percent), of coal—by 9 million tonnes (4 percent), and of gas—by 1.5 billion cubic meters (0.4 percent).

Under conditions of decreased extraction of hydrocarbon raw materials, problems of providing motor fuel to the economy have become exacerbated. This is having an effect primarily on the functioning of motor vehicle transportation used to gather the harvest.

Production of the basic motor fuels (gasoline, diesel fuel, fuel oil) for eight months of this year is expected to be 6-9 percent lower than last year's level. The greatest production lag in these types of fuel was seen in the Moscow and Ryazan Oil Refining Plants, and in the production associations Groznefteorgsintez, Omsknefteorgsintez, and Angarsknefteorgsintez.

In metallurgy, where we have seen a drop in investment activity and reduced demand for metal production by defense complex enterprises and other consumer enterprises of metal, a reduction is taking place in the output of both ordinary metal and high-strength, economically effective metal varieties.

Over the period of August which just expired, production of steel, finished rolled metal, and steel pipe was reduced 2-7 percent as compared with the first half of July—a level 21-26 percent lower than that of August of last year. On the whole over the eight months, production of finished rolled metal will be 6 million tonnes, or 16 percent, less than for the same period of last year; of steel pipe—1.8 million tonnes, or 24 percent less.

The operation of machine-building enterprises in August of this year brought about no changes in the trend manifest since the beginning of the year towards decreased production output in the main production varieties. As a consequence of the insolvency of customers for machine-building output and the lack of funds on the part of enterprises for acquiring material-technical resources, average daily output for more than half the items during the first half of August was lower than during the same period in July of this year and for last year. The decline in production of metal-cutting machine tools, freight cars, and tractors is deepening.

It is expected that over the eight months of this year, the output of motor vehicle and tractor trailers and semi-trailers will be reduced by half or more; of AC electric motors, grain-harvesting combines, tractors, excavators, and freight cars—by 26-34 percent; and of forging and pressing machines, metal-cutting machine tools, small-power electric motors, truck cranes, and roller bearings—by 16-25 percent.

In the chemical industry, daily output of mineral fertilizers over 16 days of August of this year stayed at practically the same level as during the same period in July of this year (25,500 tonnes)—this is the lowest level seen this year for this type of production. The lag behind last year's level grew to 30 percent. Over eight months of this year, shortages in fertilizer supplied to consumers will amount to 2 million tonnes (21 percent) less than was delivered last year.

Enterprises of the concern Khimvolokno continue to reduce their output of chemical fibers and filament. Over two weeks of August, daily production output here was 16 percent lower than for the same period of the previous month and comprised only 63 percent of the comparable level for August last year. According to estimates, production of chemical fibers and filaments over eight months of this year will amount to 89 percent of the level seen over the same period of last year and will be reduced by 41,000 tonnes.

In the timber, lumber processing, and pulp and paper industry, the decline in production for almost all the basic varieties of timber production continued to intensify during the first half of August. Systematic reductions in the output of commercial timber are exacerbating the disproportion already formed between the raw material base and the processing industries. Daily volume of timber production, cardboard, and matches amounted to 71-79 percent of last year's level; output of paper was reduced by 37 percent.

In view of the shortage of raw timber, some of the tension could be removed by increasing the production of effective commercial timber substitutes. However, daily production of wood-particle board and fiberboard for the period of August just expired dropped as compared with the previous month by 20 and 12 percent, and comprised approximately 70 percent of last year's level.

According to estimates, the trend towards production decline in the majority of the basic varieties of timber production will be maintained until the end of August, and the reduction in production of timber, paper, and wood paneling will comprise 24-30 percent of last year's level.

Production decline in the building materials industry is intensifying in August. Daily production of the majority of basic varieties of construction materials (cement, slate, soft roofing and insulation, window glass) was 3-22 percent less than for the first two weeks of July. The lag as compared with last year's level for these production varieties amounted to 9-38 percent.

Due to chronic shortages of raw materials in light industry and the textile industry, the production decline for main production varieties (all types of fabric, knitted wear, socks and stockings, footwear) is significant as compared with the same period of August last year, and amounts to 37-58 percent.

At the beginning of August, daily output of refrigerators and freezers, sewing machines, radios, and electric irons

increased somewhat as compared with the beginning of July. For remaining production varieties (washing machines, tape recorders, televisions, including color televisions, etc.), the situation is deteriorating. The reasons for this are the same as before—a lack of accessory parts and component units, and problems in selling production items due to their high prices. At our present stage, the sales problem is becoming one of the main factors restraining production. As compared with the same period of last year, the lag in output of refrigerators and freezers, electric vacuum cleaners, and electric irons amounted to 8-13 percent, of radios, washing machines, and televisions—39-45 percent.

The situation as regards supplying the population with food products continues to be problematic during the first half of August. A significant lag behind last year's level was seen for the majority of items taken into consideration in the weekly accounting report, and a reduction was observed for every other item, as compared with the same period of last month. Among these items were meat, cheeses, whole milk products, and butter.

Agriculture

Agriculture enterprises in Russia continue to engage in harvesting work. Grains are being harvested in all regions of the Federation. By 24 August, grain was collected over 31.2 million hectares, or 54.6 percent of the area sown. Grain was threshed from an area of 29.2 million hectares (93.6 percent of the harvested area). However, the rate at which harvesting operations were conducted over the past week was half that of the previous week, insofar as the southern regions of the republic are presently finishing up their harvesting of grain, while the eastern regions are only now getting underway.

The average yield from threshing grain from a single hectare of land was 22.1 quintals—higher than last year (17.9 quintals), but lower than for 1990 (25.6 quintals).

It should be noted that there is a significant gulf between mowed and threshed lands in Orenburg Oblast and the republics of Bashkortostan and Udmurtia, where 81-85 percent of mowed hectares were threshed. In Kemerovo Oblast this figure is 60 percent; in Altay Kray—56 percent.

Since the beginning of the harvest, 11.6 million tonnes of grain (18 percent of the threshed volume) were placed in state reserves, or one quarter less than last year. Mandatory deliveries were fulfilled to the level of 40 percent. Despite increased purchase prices and the fact of having harvested a decent crop, kolkhozes and sovkhoses in certain territories are holding back in their sales of grain to the state. In Krasnodar Kray, for example, 6 million tonnes of grain were threshed, but only 1.3 million tonnes were sold to the state (46 percent of mandatory deliveries); in Stavropol Kray, 4.6 million tonnes were threshed, but 0.8 million tonnes (50 percent of mandatory deliveries) sold to the state; in Rostov Oblast the figures were 7 million tonnes and 1.6 million tonnes (66 percent). Having gathered 300-450 million tonnes of grain, farms in Volgograd, Voronezh, and Saratov

Oblasts sold one third of the prescribed volumes to procurement agents. Of 1.5 million tonnes threshed by kolkhozes and sovkhozes in Tatarstan and Bashkortostan, less than one-fifth was sent to procurement centers, mandatory deliveries here being fulfilled to the degree of 31 and 23 percent, respectively.

At the same time, Bryansk, Orel, and Lipetsk Oblasts are engaged in selling grain at levels above the established targets, while Smolensk, Nizhniy Novgorod, Belgorod, Kursk, Tambov, and Penza Oblasts and the Chuvash Republic have passed the 80-percent mark.

The harvesting of potatoes has begun. As of 24 August, 9,800 hectares (1.2 percent of the planted area) of potatoes were gathered. The average yield obtained per hectare amounted to 93 quintals, as opposed to 104 quintals last year.

The procurement of feeds for livestock breeding is not proceeding in satisfactory fashion. As of 24 August of this year, the area of mowed grasses comprised 3.7 million hectares, 12 percent less than in 1991. The yield of coarse feeds was almost one fourth less, of silage—one half. Procurement per conventional head of livestock came to 7.4 quintals per feed unit, as opposed to 9.3 quintals per feed unit one year ago.

Shortages of coarse and juicy feeds may be replenished to a certain extent through fodder grain. Grain prices being what they are, however, it is not advantageous for farms

to use it to meet livestock needs. Clearly this explains why 9.1 million tonnes of fodder grain (14 percent of threshed volume) from this year's harvest was set aside by 24 August for livestock feed, as opposed to 11.8 million tonnes (17 percent) by this time last year.

The Consumer Market

The average daily production of sugar last week (17-21 August) increased by 5 percent, of meat—8 percent, and of vegetable oil—18 percent. Inventory of these products in retail trade and industry increased by one fourth (sugar—by 1 percent). At the same time that stocks increased, meat was absent from the store shelves of stores surveyed in Bryansk, Kostroma, Tambov, Saratov, Vladikavkaz, Omsk, Kyzyl, and Magadan; vegetable oil was absent in Archangel, Yoshkar-Ola, Gorno-Altaysk, and Tyumen; sugar—in Saransk, Samara, Nalchik, Barnaul, and Tomsk.

As was the case a week ago, stoppages in the trade of whole milk products were observed in 7 cities (whole milk production in general across Russia for the week was decreased by 1 percent), of bread—in 12 cities (by 2 percent). In Yaroslavl and Tula, due to high prices and low quality, there were instances of refusal to trade in bread, rolls, and buns.

In the table below, cities are grouped by condition of the market for basic food items and the level of retail prices for these products:

	(price in rubles per kg or per 10)			
	Number of cities in which the product			
	could be bought			was not available for sale
	without waiting in line	if one waited in line	with coupons	
Beef priced at	45	2	1	28
	from 52	from 80	72	
	to 150	to 95		
Butter priced at	73	-	1	2
	from 150		140	
	to 250			
Eggs priced at	74	1	1	-
	from 14	11	14	
	to 50			
Sugar priced at	38	2	18	18
	from 56	from 12	from 29	
	to 101	to 40	to 54	
Vegetable oil priced at	45	-	4	27
	from 20		from 22	
	to 140		to 68	
Potatoes	46	-	-	30
	from 9			
	to 35			

The nonfood products market continued to show a glut in the trade of light-industry articles. There was practically no demand at all last week for men's trousers at prices higher than R800 in Murmansk, St. Petersburg, Yaroslavl, Samara, and Elista; for women's blended-fabric dresses R500-700 and higher in Vologda, Novgorod, Pskov, Vladimir, Yaroslavl, Saratov, Nalchik, and Irkutsk; for cotton dresses for school-age girls, R300-690, in Vologda, Ulyanovsk, Yekaterinburg, Irkutsk, and Krasnoyarsk; women's elastic pantyhose, R150-180, in Syktyvkar, Nizhniy Novgorod, Samara, and Omsk. The level of consumption of light-industry products by the population this year amounts to approximately 40 percent of the 1991 level.

Level of Consumer Prices

Over the past week, 11 through 18 August, price changes for the basic food products in 132 cities of Russia surveyed, taking into account the city market, are reflected by the figure of 100.6 percent; disregarding the city market—101.0 percent.

The following table shows price change percentages with respect to product groups:

	(in percent)	
	taking city market prices into account	retail trade portion only
All food products (70 items)	100.6	101.0
Meat and meat products	102.2	101.5
Edible fats	100.1	100.4
Milk products and cheeses	101.1	101.6
Eggs	102.5	102.1
Sugar	100.8	100.5
Confectionery items and tea	102.1	101.8
Flour	104.3	104.2
Bakery products	101.3	101.3
Groats, cereals, and macaroni	102.6	102.5
Potatoes and vegetables	97.1	99.7

Analysis of observations shows that a weekly growth on the order of one or two percentage points has been maintained over the course of the past 9 weeks.

At the same time, the level of average prices across Russia is fairly high. While there was an insignificant increase in bakery product prices, the average price of one kilogram of rye bread was R9.8, of wheat bread made from highest grade flour—R18.8, and of wheat bread made from Grades 1 and 2 flour—R11.9.

The greatest recorded price increase was observed in the case of wheat flour—5.3 percent. With an average price

across Russia of R18.9 per kg, a minimum price of R8.0 was recorded in Vorkuta, and a maximum price of R36 was registered in Yakutsk.

The cost of the monthly selection of 19 basic food products necessary to the working male (bread, millet, vermicelli, sugar, butter, sausage, milk, sour cream, cheese, eggs, potatoes, cabbage, onions, apples, cigarettes) according to 18 August prices came to R1,629. In this regard, cost of this selection varied even within individual regions. The greatest gulf between maximum and minimum cost of this product selection was observed in the Volga region (by a factor of 1.9), and in the Northern and Far Eastern regions (1.8). The smallest difference was observed in the Central Chernozem and Northwestern regions (1.1).

The difference between maximum and minimum prices for certain cities of Russia exceeds a factor of 3.3. Minimum prices were registered in Kazan, Orel, Chistopol, and Ulyanovsk (R930-1,000); maximum prices—in Magadan, Vorkuta, Petropavlovsk-Kamchatskiy, and Yakutsk (R2,560-3,050).

A 3-percent growth in prices for paid services was observed over the two weeks from 4 through 18 August. The cost of movie tickets represented the most rapid rate of increase (11 percent). With the average cost of a movie ticket throughout Russia of R14, the price was R20 in Petrozavodsk, Murmansk, Ivanovo, Tula, Rybinsk, and other cities; in Kaluga it reached R24, as compared with R12 at the beginning of the month.

Prices for hotel services continue to grow. These increased by 7 percent on the average in cities surveyed across Russia. The average cost per individual of staying in a two-person room came to R160. Over the two-week period, this cost increased from R140 to R200 in Chaboksky and Kaliningrad, from R500 to R800 in Khabarovsk, and from R215 to R1,612 in Yakutsk. Single accommodations in a hotel in Vorkuta, Krasnodar, Kurgan, Kemerovo, and Yuzhno-Sakhalinsk cost more than R250; in Birobidzhan and Magadan—more than R400.

Expenses for Children Going to School

Under conditions of price liberalization, family expenses in connection with the beginning of the school year increased significantly. Computations show that the purchase of a school uniform, writing materials, and sports clothing and footwear for one child will cost R3,000-3,500 at a minimum. State payments made to compensate for the increased costs of products in the children's assortment cover no more than 20 percent of these expenses.

Forest Fires

The number of forest fires in Russia is increasing. According to data of the Forestry Committee of the Russian Ministry of Ecology, 20,700 fires had taken place as of the end of August, encompassing about 1 million hectares of land in the forest reserve (18,000 such instances were registered for all of 1991, encompassing

an area of 1.1 million hectares). Forests in the Sakha Republic (Yakutia) suffered great damage—here there were 857 fires over the period which has transpired since

the beginning of the year, covering an area of 268,000 hectares; in Krasnoyarsk Kray there were 646 such instances over an area of 43,000 hectares.

Cities: All-Round Leaders As of 8/18/92 (Nonfood Products)

Service	City	Minimum price per service (rubles)	City	Maximum price per service (rubles)
Individual sewing of woman's dress	Ulan-Ude	294.23	Yuzhno-Sakhalinsk	2669.00
Dry cleaning of winter coat	Gornyyak	30.00	Murmansk	420.00
Cleaning and ironing of linens (per kilogram)	Barnaul	2.11	Kemerovo	40.00
One bath session (common hall)	Syzran	1.00	Vorkuta	30.35
Women's fashion hair-do	Tayshet	25.00	Novokuznetsk	278.30
Single-trip bus fare, intra-city	Barnaul	0.30	Sovetsk	2.00
Hotel (per person in a first-class room for two, Grade I hotel)	Gornyyak	55.19	Yakutsk	1,612.00
Nursery-kindergarten (per child-day)	Kazan	3.52	Yakutsk	40.00
Movie ticket, evening show	Gornyyak	3.00	Yakutsk	25.00
Initial doctor's visit	Kirovo-Chepetsk	7.80	Vorkuta	174.34
Ultrasound diagnostic testing	Novokuznetsk	6.10	Kurgan	430.00
General blood test	Divnogorsk	4.75	Lipetsk	82.00
Manufacture of removable plastic dentures, two teeth (one device)	Nalchik	57.51	Norilsk	1,664.00
General massage (one session)	Chelyabinsk	14.00	Saransk	260.00
Trade-union sanatorium (per bed-day)	Volgograd	68.44	Petropavlovsk-Kamchatskiy	696.33
Rest home (per bed-day)	Vladimir	126.67	Miass	520.00

Cities: All-Round Leaders As of 8/18/92 (Food Prices Taking Into Account City Market Prices)

Representative product	City	Minimum price per unit (rubles)	City	Maximum price per unit (rubles)
Category I beef	Novyy Urengoy	43.00	Vladivostok	183.75
Grade I boiled sausage	Norilsk	70.00	Yuzhno-Sakhalinsk	225.00
Grade I salami	Cherkessk	81.00	Yuzhno-Sakhalinsk	380.00
Butter	Ulyanovsk	87.74	Petropavlovsk-Kamchatskiy	285.00
Vegetable oil	Ulyanovsk	16.89	Magadan	138.93
Pasteurized milk, 3.2-3.5 percent fat	Tyumen	2.22	Vladivostok	22.26
Sour cream	Ulyanovsk	23.36	Nakhodka	130.77
Hard rennet cheese (of the varieties "Poshekhonskiy," "Rossiyskiy," "Kostromskoy," "Yaroslavlkiy," "Gollandskiy," etc.)	Cheboksary	91.00	Magadan	300.65
Hen eggs (price per 10)	Naberezhnyye Chelny	10.00	Komsomolsk-on-Amur	43.00
Granulated sugar	Orel	13.87	Vorkuta	106.00
Rye-wheat bread	Ulyanovsk	1.88	Vorkuta	28.75
Wheat bread made of Grades I and II flour	Groznyy	1.18	Miass	20.00
Ground millet	Norilsk	3.48	Severodvinsk	30.00
Vermicelli made of highest grade wheat flour	Voronezh	8.57	Vladikavkaz	60.00

Cities: All-Round Leaders As of 8/18/92 (Food Prices Taking Into Account City Market Prices) (Continued)

Representative product	City	Minimum price per unit (rubles)	City	Maximum price per unit (rubles)
Potatoes	Gornyak	7.00	Yakutsk	80.53
Fresh green head cabbage	Volgodonak	5.43	Magadan	121.96
Onions	Taganrog	11.44	Magadan	118.33
Apples	Ryazan	8.22	Yakutsk	300.00
Tobacco products, price per pack of filter cigarettes	Yelets	8.36	Kemerovo	50.00

Cities: All-Round Leaders As of 8/18/92 (Food Prices Disregarding City Market Prices)

Representative product	City	Minimum price per unit (rubles)	City	Maximum price per unit (rubles)
Category I beef	Novyy Urengoy	43.00	Komsomolsk-on-Amur	156.63
Grade I boiled sausage	Norilsk	70.00	Yuzhno-Sakhalinsk	225.00
Grade I salami	Cherkessk	81.00	Yuzhno-Sakhalinsk	380.00
Butter	Ulyanovsk	78.00	Petropavlovsk-Kamchatskiy	285.00
Vegetable oil	Orsk	12.94	Magadan	138.93
Pasteurized milk, 3.2-3.5 percent fat	Tyumen	2.00	Nakhodka	20.00
Sour cream	Ulyanovsk	23.36	Petropavlovsk-Kamchatskiy	120.00
Hard rennet cheese (of the varieties "Poshekhonskiy," "Rossiyskiy," "Kostromskoy," "Yaroslavskiy," "Gollandskiy," etc.)	Cheboksary	91.00	Magadan	300.63
Hen eggs (price per 10)	Naberezhnyye Chelny	10.00	Komsomolsk-on-Amur	43.00
Granulated sugar	Orel	13.87	Vorkuta	106.00
Rye-wheat bread	Ulyanovsk	1.88	Vorkuta	28.75
Wheat bread made of Grades I and II flour	Groznyy	1.18	MIASS	20.00
Ground millet	Norilsk	3.48	Severodvinsk	30.00
Vermicelli made of highest grade wheat flour	Voronezh	8.57	Arzamas	55.00
Potatoes	Belgorod	6.00	Yakutsk	63.00
Fresh green head cabbage	Naichik	3.00	Magadan	135.00
Onions	Taganrog	10.00	Magadan	121.11
Apples	Novomoskovsk	7.00	Norilsk	160.00
Tobacco products, price per pack of filter cigarettes	Yelets	8.36	Kemerovo	50.00

Cities: All-Round Leaders As of 8/18/92

Representative product	City	Minimum price per unit (rubles)	City	Maximum price per unit (rubles)
Two-piece suit, wool blend fabric	Orenburg	1,600.00	Norilsk	7,700.00
Women's dress, wool blend fabric	Groznyy	312.00	Nakhodka	1,810.00
Men's cotton socks	Birbidzhan	20.90	Abakan	70.50
Children's cotton socks	Blagoveshchensk	9.27	Tomsk	40.00
Men's low shoes, fashion, natural leather sole	Ulyanovsk	564.00	Nakhodka	3,925.00

Cities: All-Round Leaders As of 8/18/92 (Continued)

Representative product	City	Minimum price per unit (rubles)	City	Maximum price per unit (rubles)
Women's summer shoes, fashion, high (or medium) heel, with natural leather or imitation-leather rubber sole	Voronezh	400.00	Chita	3,420.00
Color television, non-portable (screen diagonal 61 cm.)	Groznyy	13,125.00	Petropavlovsk-Kamchatskiy	28,000.00

Average Prices of Food Products in the Russian Federation (City Market)

Representative product	7/28/92	8/4/92	8/11/92	8/18/92
Category I beef	113.11	117.56	122.58	126.66
Pork	117.50	124.47	128.20	133.53
Grade I boiled sausage				
Grade I salami	225.45	246.88	270.28	274.46
Live fish	36.74	36.98	39.34	43.11
Butter	172.62	173.76	183.81	182.44
Vegetable oil	56.48	57.15	60.42	68.65
Melted pork fat	53.68	50.03	50.56	56.05
Table margarine	52.27			
Pasteurized milk, 1.5-3.5 percent fat	13.90	14.57	14.75	15.02
Kefir, rich				
Sour cream	129.02	125.19	127.36	124.95
Fatty cottage cheese	56.05	57.66	60.58	61.08
Low-fat cottage cheese	25.23	23.41	24.55	28.89
Hard rennet cheese (of the varieties "Poshekhonskiy," "Rossiyskiy," "Kostromskoy," "Yaroslavskiy," "Gollandskiy," etc.)	220.96	238.40	246.62	231.07
Feta cheese	84.92	89.46	96.17	88.86
Hen eggs (price per 10)	23.00	23.50	24.94	26.81
Granulated sugar	73.81	71.00	70.63	64.65
Ordinary pastry (of the varieties "Apelainovoye," "Privet," etc.)	75.00	75.00	109.00	
Caramel lollipops	150.00	150.00	150.00	156.67
Bohea black tea, highest quality	292.87	351.52	377.06	421.11
Wheat flour, highest quality	15.64	17.86	20.67	22.26
Ground and polished rice	29.16	23.56	25.24	28.75
Unground buckwheat	50.00	50.00	50.00	55.00
Ground split peas				
Macaroni, ordinary and choice, various styles of cut (long and short), made from highest quality wheat flour	40.63	45.71	48.00	52.86
Vermicelli made of highest grade wheat flour	50.00	50.00	50.00	60.00
Elbow macaroni of all varieties, highest quality wheat flour	50.00	50.00		
Vodka, 80-proof, price per liter	304.99	351.94	326.96	362.22
Mayonnaise	132.00	130.00	130.00	

Average Prices of Food Products in the Russian Federation (City Market) (Continued)

Representative product	7/28/92	8/4/92	8/11/92	8/18/92
Potatoes	22.09	22.54	21.88	20.85
Fresh green head cabbage	15.82	15.80	15.16	14.61
Onions	24.33	28.04	24.96	23.19
Garlic	81.53	84.91	86.30	86.65
Red beets	29.72	30.50	28.56	26.01
Carrots	38.13	32.21	29.11	27.02
Apples	63.42	55.72	48.31	42.28
Tobacco products, price per pack of cigarettes	12.66	12.70	14.21	15.08
Tobacco products, price per pack of filter cigarettes	28.94	30.41	33.37	36.67
Matches	1.30	1.24	1.27	1.90

Note: Product prices are given in kilograms, for meat patties and eggs—per 10, for milk, kefir, and vodka—per liter, for canned fish—per standard can, for tobacco products and matches—per pack.

Average Prices for Food Products in the Russian Federation (Retail Trade)

Representative product	7/28/92	8/4/92	8/11/92	8/18/92
Beef, Category I	77.32	78.35	79.59	81.76
Pork	77.15	78.92	79.55	80.41
Meat patties (per 10)	50.86	52.32	54.02	63.43
Pelmeni [meat-filled dumplings], frozen	56.47	57.98	58.59	59.03
Boiled sausage, Grade I	122.19	124.97	129.35	131.61
Salami, Grade I	170.84	174.49	183.59	184.92
Live fish	36.64	37.98	40.72	39.47
Mackerel, quick-frozen, refrigerated, unsegmented	35.05	37.15	37.78	38.81
Fish filet (mackerel)	42.95	47.30	47.90	51.85
Smoked fish (mackerel)	67.36	65.88	65.06	76.30
Herring, salted and brined, ivasi	58.50	60.97	66.09	73.24
Butter	175.43	179.68	181.47	182.29
Vegetable oil	45.91	49.58	51.48	51.54
Melted pork fat	70.03	72.54	72.06	65.00
Table margarine	68.83	69.72	72.74	72.51
Pasteurized milk, 1.5-3.5 percent fat	8.48	8.69	8.91	9.14
Fatty kefir	9.30	9.55	9.74	9.89
Sour cream	52.22	52.76	53.49	54.21
Fatty cottage cheese	41.10	42.97	43.09	42.50
Low-fat cottage cheese	19.70	19.57	20.92	20.13
Dried cow's milk	86.55	86.56	87.41	88.05
Hard rennet cheese (of the varieties "Poshekhonskiy," "Roslinskiy," "Kostromskoy," "Yaroslavskiy," "Gollandskiy," etc.)	138.74	143.84	144.17	143.65
Pasteurized processed cheese (of the varieties "Druzhba," "Volna," "Yantar," "Lelo")	100.39	108.36	101.18	114.71

Average Prices for Food Products in the Russian Federation (Retail Trade) (Continued)

Representative product	7/28/92	8/4/92	8/11/92	8/18/92
Feta cheese	74.24	88.81	80.69	77.99
Note: Product prices are given in kilograms, for meat patties and eggs—per 10, for milk, kefir, and vodka—per liter, for canned fish—per standard can, for tobacco products and matches—per pack.				
Canned fish, price per standard 350-gram can, natural, with oil added (mackerel, scad)	34.63	35.83	36.28	36.07
Canned fish, price per standard 350-gram can, salmon in tomato sauce	42.52	41.72	42.46	47.87
Canned tomato puree and paste	55.14	53.48	53.79	54.65
Canned fruit for children	43.25	47.14	53.19	53.61
Hen eggs (price per 10)	20.74	21.87	22.27	22.76
Granulated sugar	52.41	55.04	55.22	55.18
Ordinary pastry (of the variety "Apelsinovoye," "Privet," etc.)	60.63	61.52	63.94	65.32
Spice cake, bulk	50.03	54.41	57.11	56.81
Caramel lollipop	113.88	110.39	111.44	113.65
Bohea black tea, highest quality	250.01	271.96	274.48	293.68
Salt	4.97	5.21	5.19	5.40
Rye flour	8.59	8.71	10.15	10.61
Highest grade wheat flour	16.81	16.64	17.90	18.85
Rye bread	9.72	9.37	9.77	9.82
Rye-wheat bread	8.45	9.22	9.08	9.31
Wheat bread from entire-wheat flour	6.26	6.20	6.99	7.31
Wheat bread from highest grade flour	17.99	18.05	18.43	18.80
Wheat bread from Grades I and II flour	10.99	11.49	11.85	11.91
Rolls and buns from highest grade wheat flour, price per 500 grams	10.83	10.97	11.86	11.64
Rolls and buns from Grade I wheat flour, price per 500 grams	7.76	8.14	9.16	9.26
Rolls and buns from Grade II wheat flour, price per 500 grams	12.00	12.00	13.00	10.00
Dry crackers, Grade I wheat flour	36.63	39.05	39.39	39.57
Biscuits, Grade I wheat flour	43.77	43.50	44.00	46.70
Ground and polished rice	27.74	28.09	29.14	29.67
Semolina	13.84	13.28	14.72	15.00
Ground millet	9.28	8.65	8.90	9.23
Unground buckwheat	42.97	40.94	42.63	43.92
"Gerkules" oatmeal	20.10	21.26	21.12	22.82
Ground split peas	9.80	8.13	8.74	10.43
Macaroni, ordinary and choice, various styles of cut (long and short), made from highest grade wheat flour	24.76	24.88	25.34	26.81
Macaroni, ordinary and choice, various styles of cut (long and short), made from Grade I wheat flour	23.67	20.14	22.51	24.93
Noodles, made from highest grade wheat flour	24.76	24.88	25.34	26.81

Average Prices for Food Products in the Russian Federation (Retail Trade) (Continued)

Representative product	7/28/92	8/4/92	8/11/92	8/18/92
Vermicelli, made from highest grade wheat flour	25.96	26.27	26.34	27.67
Elbow macaroni, all varieties, from highest grade wheat flour	24.78	25.46	26.25	26.25
80-proof vodka, price per liter	246.12	252.40	255.21	251.96
Mayonnaise	84.91	85.95	86.26	88.39
Potatoes	13.95	17.45	20.06	20.66
Fresh green head cabbage	13.44	12.50	13.29	13.46
Onion	20.97	21.84	23.03	22.36
Garlic	84.91	83.79	83.96	84.71
Red beets	12.10	12.63	14.34	14.23
Carrots	18.58	17.21	19.22	17.60
Apples	51.68	39.26	38.21	35.94
Tobacco products, price per pack of cigarettes	8.17	8.46	9.96	9.70
Tobacco products, price per pack of filter cigarettes	16.15	16.98	16.93	19.94
Matches	1.01	1.05	1.14	1.15

Cost of Weekly Selection of Basic Food Products as of 8/18/92 (Taking City Market Prices Into Account)

City	Cost of selection (rubles)	City	Cost of selection (rubles)
Yakutsk	676.84	Nakhodka	459.39
Petropavlovsk-Kamchatskiy	638.15	Chelyabinsk	456.86
Vorkuta	617.90	Perm	445.72
Magadan	569.54	Murmansk	442.96
Vladivostok	548.80	Kemerovo	441.16
Yuzhno-Sakhalinsk	513.01	Kaliningrad	435.44
Cherepovets	493.94	Ivanovo	435.20
Komsomolsk-on-Amur	487.30	Nizhniy Tagil	435.04
Novokuznetsk	484.47	Vladimir	434.44
Irkutsk	480.02	Ukhta	428.84
Apelity	470.96	Severodvinsk	427.38
Khabarovsk	470.02	St. Petersburg	418.87
Yekaterinburg	468.63	Novgorod	418.35
Krasnoyarsk	405.36	Syzran	329.41
Moscow	404.31	Orsk	325.68
Tomsk	401.58	Vladikavkaz	325.50
Sykt'yvkar	401.13	Bryansk	324.88
Blagoveshchensk	397.15	Krasnodar	323.94
Tyumen	396.36	Orenburg	323.77
Prokopyevsk	392.76	Volgograd	323.21
Tula	392.23	Penza	321.15
Berdsk	391.99	Sterlitamak	320.17
Yaroslavl	391.96	Yoshkar-Ola	317.87
Berezhidzhan	391.60	Elista	317.58
Kaluga	390.97	Nevinnomyssk	316.48

Cost of Weekly Selection of Basic Food Products as of 8/18/92 (Taking City Market Prices Into Account) (Continued)

City	Cost of selection (rubles)	City	Cost of selection (rubles)
Petrozavodsk	389.37	Kirov	315.36
Nizhniy Novgorod	389.22	Stavropol	313.96
Togliatti	388.14	Armavir	313.51
Ulan-Ude	387.97	Cherkassk	313.25
Kurgan	386.40	Makhachkala	312.15
Obninsk	385.68	Tambov	311.65
Tver	385.06	Maykop	310.91
Mias	383.16	Biysk	310.72
Serov	380.83	Samara	307.04
Pakov	380.21	Izhevsk	306.70
Tuapse	377.84	Saransk	305.53
Shuya	377.74	Kamyshin	304.03
Archangel	376.68	Saratov	303.59
Sovetsk	376.62	Nefekamsk	303.10
Rybinsk	374.40	Omsk	302.68
Tayshei	371.53	Lipetsk	302.60
Elektrostal	368.22	Novocherboksk	302.11
Chita	367.27	Rybinsk	300.44
Yurga	365.87	Ufa	299.08
Smolensk	361.79	Volgodonsk	297.74
Shakhty	361.13	Astrakhan	294.80
Novosibirsk	360.45	Belgorod	292.25
Gorno-Altaysk	359.69	Kursk	282.14
Novorossiysk	359.05	Izhmby	279.22
Kopeysk	358.90	Novyy Oskol	277.14
Angarsk	357.36	Shebekino	276.38
Abakan	355.96	Nalchik	274.74
Salekhard	352.61	Voronezh	271.95
Kostroma	351.19	Gornyy	270.09
Divnogorsk	350.47	Yelets	257.62
Ryazan	346.01	Naberezhnyye Chelny	253.52
Kirovo-Chepetsk	343.88	Kazan	250.93
Taganrog	342.04	Groznyy	246.81
Rostov-on-Don	335.92	Orel	244.86
Cheboksary	334.37	Chistopol	241.77
Arzamas	333.77	Ulyanovsk	207.88
Barnaul	330.55	Russian Federation	362.83
Kyzyl	329.74		

Average Prices for Nonfood Products in the Russian Federation

Representative product	7/28/92	8/4/92	8/11/92	8/18/92
Men's light overcoat, wool blend	3,185.09	3,265.91	3,334.53	3,423.61
Two-piece suit, wool blend	2,595.50	2,610.42	2,626.85	2,675.12
Men's trousers, wool-blend suit fabric	728.47	725.18	730.36	740.18
Men's shirt, cotton fabric	251.52	252.50	256.18	263.74
Women's light overcoat, wool blend	3,738.29	3,779.06	3,952.44	3,798.87
Women's dress, wool blend	746.94	741.38	737.18	759.38
Boy's jacket, with lining, synthetic fabric	824.48	859.68	902.52	917.16
Girl's dress, wool blend	292.52	294.75	291.84	305.15
Boy's shirt, flannel or fustian	91.00	91.42	91.42	94.40
Men's jumper (sweater), pure wool fabric	1,153.15	1,162.86	1,165.68	1,238.33
Children's T-shirt, cotton fabric	43.61	44.24	44.02	43.97
Women's pantyhose, elastic	77.01	78.65	78.63	80.02
Men's socks, cotton	36.87	37.51	37.55	38.01
Children's socks, cotton	16.54	16.45	17.03	16.85
Children's tights, cotton	60.95	62.02	61.05	61.32
Men's low shoe, fashion, natural leather sole	1,440.75	1,307.88	1,449.92	1,521.14
Women's boots, low-heel or platform sole, lined with textile material, with polyurethane sole	1,973.43	1,992.48	2,084.08	2,062.87
Women's summer shoes, fashion, with high (or medium) heel, with natural leather sole or imitation-leather rubber sole	1,382.79	1,452.16	1,453.10	1,463.24
Summer shoes for school-age girl, medium heel, porous rubber sole	288.25	285.79	304.21	320.80
Refrigerator, floor-standing, semi-automatic defrost (KSh-260)	18,568.26	19,181.97	19,234.79	19,719.40
Electric iron, automatic	629.36	630.36	634.57	640.73
Color television, non-portable (screen diagonal 61-cm.)	17,856.93	18,588.99	18,746.50	19,294.90
Gasoline	7.53	7.60	7.62	7.66
Coal	133.17	133.41	131.69	135.71
Firewood	63.77	63.67	63.43	64.78
Peat briquettes	114.15	115.12	114.15	114.15
Electric power for urban area	0.23	0.23	0.23	0.23
Electric power for rural area	0.15	0.15	0.15	0.15

Note: Prices are given per item, gasoline—per liter, coal—per tonne, firewood and peat briquettes—per cubic meter, electric power—per kilowatt-hour.

Average Prices for Services in the Russian Federation

Service	7/7/92	7/31/92	8/4/92	10/08/92
Individual sewing of women's dress	988.02	1,008.12	1,040.80	1,070.95
Dry cleaning of winter coat	84.17	91.17	102.27	105.95
Cleaning and ironing of linens (per kilogram)	10.44	10.85	10.53	10.83
One bath session (common hall)	8.23	8.50	8.67	9.04
Women's fashion hair-do	67.60	69.44	70.66	72.49
Single-trip bus fare, intra-city	0.86	0.88	0.88	0.89

Average Prices for Services in the Russian Federation (Continued)

Service	7/7/92	7/31/92	8/4/92	10/08/92
Hotel (per person in a first-class room for two, Grade I hotel)	127.08	138.24	149.33	160.13
Nursery-kindergarten (per child-day)	10.58	10.89	11.77	12.38
Movie ticket, evening show	11.17	11.43	12.49	13.83
Initial doctor's visit	45.38	48.81	53.71	53.19
Ultrasound diagnostic testing	85.51	90.00	95.08	97.74
General blood test	24.39	24.16	24.68	24.31
Manufacture of removable plastic dentures, two teeth (one device)	205.55	205.96	223.97	229.45
General massage (one session)	42.98	45.10	54.77	50.03
Trade-union sanatorium (per bed-day)	263.28	281.16	290.50	297.20
Rest home (per bed-day)	196.91	201.29	206.25	214.14

Wage Indexation, Economic Plans Advocated

PM2110093592 Moscow ROSSIYSKIYE VESTI
in Russian 13 Oct 92 p 3

[Article by Vladimir Goncharov: "A Lot of Ideas, But Little Happiness, Vladimir Goncharov, Deputy Chief of Administration at the Russian Ministry of Economics, Believes"]

[Text] It is in everyone's nature always to hope for something better. The present government had counted on quickly pulling the country out of the crisis by means of radical reforms. But the flywheel of our economy proved too heavy.

I do not think that the government pinned too many hopes on the West. It was clear from the outset that, before allocating credits, they would think a hundred times about what dividends this would bring. For example, Japan is giving us pipes, naturally hoping to cover the expenditure with supplies of oil and gas. Is much of this aid selfless? Money can also be given for conversion. But if a country is actively disarming anyway, then why should the West spend money on that either? And so on and so forth. Of course, we have already received a lot of credits. But they were given mainly to buy food, and they were quickly eaten up.

Apart from the fact that the government has found itself face to face with political, national, and economic problems, big mistakes have also been made—all that had stopped life in Russia from improving even before this fall. The opposite is happening: Production is falling, prices are rising, living standards are declining, and social tension in society is increasing.

I am not afraid of being accused of being reactionary, and I will name one of the most important factors which, to my mind, is very much hindering progressive reforms: It is the lack of discipline and basic order in the country. It is hard to say why this has happened, whether our habits, our character, or the euphoria of freedom are to blame. But the fact remains that some government

decisions are not just not being completely fulfilled, they are not even being partially fulfilled. Is this a case of government weakness? Maybe it is.

It is the easiest thing in the world to heap all the blame on the government. But who will bear responsibility for the fact that at the level of almost every autonomous republic, oblast, and even enterprise people are trying to implement only their own ideas and their own view of how to get out of the crisis and are guided purely by their own laws?

Of course freedom of action and initiative are vital in the localities. But only if they do not work to the detriment of the whole country's interests. Because otherwise what happens is that Russia is pulled in different directions; yet if you try to find the culprit for the failure of a particular program, it is impossible to find out what is going on.

It is already clear to everyone that measures to stabilize production must be elaborated urgently so that social tension in society is somehow eliminated. But what kind of measures? Many people have their own ideas on this subject. As an economist, I would like to express certain considerations.

A program of urgent measures for a solution to the crisis should be specific: Who does what and within what time-frame? Otherwise, once again, there will be no one to be held responsible. The first thing that needs to be outlined in this program is that the population's money incomes must be significantly increased. This will not only decrease people's dissatisfaction, it will also keep the retail turnover at a level of at least 70-80 percent of last year's.

People object to this, saying that increasing earnings will cause a new spiral of inflation. Yes, that is bad. But it is even worse when industry stops. And what is happening now, after all? A great deal of meat, powdered milk, baby food, and other output has accumulated at storage facilities. The people are not buying it because they have nothing to buy it with. Consequently earnings need to be increased so that people can buy the goods.

And this will have a knock-on effect. If it can sell its output, the meat combine will start actively buying up meat from the peasants. The peasants will stand to gain from producing more. Equipment will be needed to extend production. If it can sell a tractor, a plant will be looking for metal... And the effect reaches the raw material sectors. That is, industry, which had been grinding to a halt, will be "launched" again. By way of an example, I can tell you that the manufacture of tractors has roughly halved today.

Clearly, prices will also increase as the market is saturated with money. So let us do what is done in civilized countries: When prices rise by 10 percent, earnings rise by 8 percent. Almost automatically. And people have no need to strike for their earnings to be increased again. According to certain calculations, it transpires that an automatic increase in earnings of this percentage may significantly fall behind prices again by the end of the year. But then the gap can again be compensated by various payments, for example by the indexation of deposits.

Increasing people's earnings will also improve the financial situation in the country and in enterprises. After all, every commodity sold is taxable. And the more people buy, the more money will flow into the budget. And indeed, income tax is also greater if earnings are greater. In this way, something will accumulate in the budget too, and the budget deficit gap will close. Social tension may be removed if people feel that the government is taking responsibility for everything that is happening in the country. When prices are freed on energy sources, I do not think it sufficient just to explain why this has to be done. The government must work actively in two spheres simultaneously—restructuring the economy and improving the people's lives.

Food, Clothing, Gasoline Prices Continue To Increase

PM2210111192 Moscow ROSSIYSKAYA GAZETA
in Russian 20 Oct 92 First Edition p 3

[Report by Gennadiy Bortsov of the Russian State Committee for Statistics under the rubric "Last Week's Prices": "Fill Your Tanks in Biysk!"]

[Text] Food prices increased by 7 percent at the start of October, but by "only" 5.3 percent in the second week of the month.

Under these conditions the population is naturally keen to buy the cheapest foods. But prices of all basic necessities continued to increase: Potatoes cost 19.90 rubles [R] (a 3.6-percent increase), milk R12.90 (up 8 percent), margarine R97.10 (up 4.9 percent), vermicelli R43 (up 7.6 percent), and rye-wheat bread R18.60 (up 8.6 percent). High-calorie products—already costly—increased too: lard by 6 percent, cream cheese by 7.5 percent, hard cheese by 3.7 percent, white bread by 4.7 percent, and cakes by 4.7 percent.

In the expectation of further price rises, many citizens are buying up long-life products. Pasta, groats, soap, toothpaste, and cigarettes are being "scooped up."

The fall frosts have arrived, and this has had an immediate impact on warm clothing prices. The price of a man's light overcoat increased by R460 during the week, women's overcoats increased by R167, children's synthetic jackets by R204, and men's woolen sweaters by R289. The price of a pair of men's shoes reached R2,693; a pair of women's low-heeled shoes reached R6,076.

Gasoline is getting dearer—it increased on average by 17.7 percent throughout Russia over the past week, reaching R20.64 a liter. Fuel prices increased sharply in Bryansk, Syktyvkar, Vorkuta, Yaroslavl, and Kursk—by 250-300 percent. The dearest gasoline was in Shakty (R38) and Petrozavodsk (R33 a liter), while the cheapest was available in Shebekino, Biysk, and Gorno-Altaysk at R6.60-7.20.

Food Consumption Statistics Cited

PM2210115592 Moscow ROSSIYSKIYE VESTI
in Russian 22 Oct 92 p 1

[Report by Yevgeniy Sosnin: "What Is On the Dining Table"]

[Text] How are we eating now—under the conditions of the transition to the market economy? If we were to say we were eating badly that would not be entirely true, because recently most Russians have had a monthly income of 3,000 rubles and more. With that money one would not need to go hungry. But not everything is determined by money. This problem should also be viewed from the following positions: Are we producing enough food? Particularly if you consider each citizen's diet.

Statistics show that in the first half of the year the daily dietary intake was 2,401 kilocalories. That is 5 percent less than last year. And the deterioration in the diet has occurred mainly through a reduction in the energy from products of animal origin.

Consumption of meat products declined 13 percent, consumption of milk and dairy products declined 19 percent, and of fish and fish products 18 percent. In addition consumption of fruit and berries declined 31 percent and consumption of sugar and confectionery 18 percent.

It is very alarming that the most drastic decline in food consumption was in St. Petersburg, Moscow, Nizhniy Novgorod, Novosibirsk, and Ivanovo. A marked decline in the level of consumption of meat and dairy foods was noted in Mariy-El—21 and 23 percent respectively—and in the Chuvash Republic—by 17 and 25 percent. The most unfortunate regions in that respect are Tver, Belgorod, Voronezh, and Kursk oblasts. And even the once affluent Stavropol Kray.

For the reader to have an objective idea of our fellow citizens' dining table in several regions, we shall cite a few figures. Throughout Russia as a whole the average per capita monthly consumption of meat is 4.7 kg. But in Dagestan it is just 1.6 kg, in Kostroma Oblast it is 3.2 kg, in Leningrad Oblast it is 3.7 kg, and in Novgorod Oblast it is 3.8 kg. A meager diet, you will agree. There is only one way out here: cooking soup made from an axe, like the old fairytale about the soldier. That is how we live. Virtually without meat, but our optimism is not being extinguished. After all, Russian citizens have always been distinguished by their long-suffering nature. Even in the hardest times their hope for a better lot has not abandoned them.

Bunich Remains Pessimistic on Inflation

934A0044A Moscow TRUD in Russian 8 Oct 92 p 2

[Interview with Pavel Bunich, president of the Entrepreneurs and Leaseholders Union, by TRUD political commentator Vitaliy Golovachev; place and date not given; under the heading "Two Approaches to a Topical Problem": "Social Temperature Pushing the Red Mark: Further Encroachment on the Population's Standard of Living is Rife with Dangerous Consequences"]

[Text] What is ahead for us? How can we accelerate the pullout from this gravest crisis? Will our people withstand new ordeals? With these most pressing questions we began our conversation with the well-known Russian economist Pavel Bunich, president of the Entrepreneurs and Leaseholders Union and first associate dean of the Academy of National Economy.

[Golovachev] Pavel Grigoryevich, first, regarding prices. Yegor Gaydar believes that by this December it is possible to reduce the rate of inflation to five percent a month. Is this realistic?

[Bunich] No. If we express the price increases in a graph, it will produce a broken line, much like the cardiogram of a sick person, rising and falling, with its own peaks. Overall, however, the trend of this "cardiogram" is upward. For some relatively short period of time the pace of inflation may slow down. Stopping the price spiral for long, however, is impossible.

Why do I think that? First, oil prices are being raised (or, in truth, freed). According to forecasts they will immediately rise from 2,000 rubles [R] to R8,000-9,000 per tonne. But this is not the limit by far. The price of oil on the world market is now R60,000-70,000 (calculated at the current ruble-dollar exchange rate). Thus, the "reserves" with respect to price increases for oil—which influence the general pace of inflation in the economy—are very substantial.

Another factor that greatly influences high prices is higher fees for municipal services and transportation. These unprofitable, subsidized sectors require immense monetary infusions, and increased fees in this respect are inevitable.

Onward. The "gap" between prices in industry and agriculture. Although prices for agricultural products have gone up, profitability in agriculture is still half that in industry. Rural residents are not going to put up with this. We have to be realistic. There will be a sharp price increase—not so much for grain (this is generally a profitable business) as for meat, milk, and other products that are currently relatively unprofitable to produce.

[Golovachev] So the situation is such that it is impossible to stop higher prices?

[Bunich] Unfortunately. But I have not listed all the factors by far. Take, for instance, imports. The ruble is fast losing its value; the dollar already fetches R350; in about two-three months it will quite possibly be as much as R500. At the same time, we have entire industries (light industry, the chemical industry, and others) that cannot do without imports. This means that prices for their products will go up sharply, influencing the general level of prices through a "chain reaction."

One more issue that for some reason is often forgotten—reappraisal of capital assets. According to preliminary estimates their value will increase 22-fold, if not more. Subsequently, amortization deductions will increase, and hence product cost; this will also have an effect on price increases in the country.

Neither should we forget to mention the land tax that has been introduced. This is also an additional expense for enterprises, and a considerable one.

To a certain degree, privatization also will contribute to rising prices. This will work the following way. The rich—those who will be buying up the vouchers—will, figuratively speaking, forsake buying diamonds for the time being. The poor, however—those who will be selling these vouchers—need the money for bread and meat. They will take this money to the marketplace. That is, the demand for food will go up.

Finally, two more factors, such as the decline in production and increase in the monetary emission of the CIS member countries. Hundreds of billions of "mythical" rubles appear in these countries at a stroke of the pen and are used in payment for goods, thus undermining the Russian economy. In general, I do not understand why we do not want to divorce in a civilized way. Russia would profit from it.

Thus the entire economy in a way is "working" towards price increases. Add to this inflationary expectations. When people see that everything is becoming more expensive by the day, panic buying sets in. Hoarding ensues. This provides a push towards new rounds of inflation.

I think it is clear that reducing inflation to five percent within the next three, five, or seven months is utopian.

[Golovachev] Where may further price increases take us in a country in which already one out of three is almost a pauper?

[Bunich] By itself, hyperinflation, while an evil, is not the worst one, I mean, it is not fatal. It all depends on the backdrop against which the inflationary eruption will take place. If income rises proportionally, it is one thing. If, however, the impoverishment of the people reaches a critical level—then we have trouble.

[Golovachev] But many economics textbooks say that hyperinflation leads to destruction of the economy.

[Bunich] What textbooks have you been reading—the ones published by the Politizdat [Political Literature Publishing House]? I did say that hyperinflation is an evil. But if we have to choose between the two evils: complete impoverishment, a social explosion, the end of economic reforms, or skillful maneuvering through hyperinflation, which would you choose? By the way, at certain times Israel, Argentina, and Brazil went through hyperinflation. These countries are now developing normally—I wish we lived like this.

[Golovachev] So income should increase in proportion to price increases?

[Bunich] Definitely. Our standard of living has dropped to one-third of what it used to be (taking into account the devaluation of savings). It was bound to decline, of course, but to a considerably lesser extent.

[Golovachev] To what extent, specifically?

[Bunich] Approximately to the extent the decline in production ought to have been. Since the end of 1990 production has declined by 46-47 percent. This means that the standard of living actually declined as much, that is, by half. A normal decline, however, would have been only 20-25 percent, rather than 46 percent.

[Golovachev] Then, if income and prices continue to rise in parallel, the avalanche of money will totally destroy the economy, goods will disappear....

[Bunich] Why? The market itself will start searching for an equilibrium. The scheme is this: There is more money, so prices go up. This means another wage increase. Then prices go up again. These cycles continue in a repetitive pattern. But the process will go along an attenuating curve. In the final analysis only the scale will change—both of wages and prices. There will be additional zeros on both sides. What difference does it make to you, though, whether you have five R100 bills or five R10,000 ones?

[Golovachev] You are saying that income should rise in proportion with price increases. You mean first and foremost the budget-financed sphere, do you not?

[Bunich] Of course. People working for budget-financed organizations essentially have been "ripped off." Their salaries are now one-third of those paid at state enterprises. If we look at private, joint, or leasehold companies, the gap is even greater. We are condemning health care, education, and culture either to extinction or becoming the province of incompetents.

Now about self-financing enterprises. At the beginning of the reforms there was this ideology: Go and earn your salaries yourself. Raise prices on your products and solve the problems on your own. But what should be done, for instance, if a plant is cutting production because imports have been stopped? Also, is it being taken into account that we have excess inventories now—goods do not sell precisely because of the all-out impoverishment? Things just do not add up in the reforms ideologists' blueprints.

Income is lagging dramatically behind the pace of inflation in the most important spheres. As a result, the social temperature in society is approaching a critical mark. Figuratively speaking, the social thermometer now reads 89 degrees. This is not far from boiling point.

[Golovachev] So what is the solution?

[Bunich] In my opinion, it is impermissible to encroach any further on the living standard—not a step in this direction. The absolute majority of Russian citizens are now poor, there are no reserves left. "Hot" money is nothing but a memory (by the way, deposits in savings banks must be indexed, that is, increased in proportion to price increases).

In general, I believe that the government's main mistake is that they made the "sacred" principle of monetarism a cornerstone of the reforms. The main emphasis should have been on production rather than on money. This is the foundation, the basis of life. The government has permitted a tremendous decline in production, turning many years of savings (which in fact were not all that huge) into dust, and stifled the economy with thoughtless taxes.

[Golovachev] But a certain decline in production is inevitable during a structural restructuring.

[Bunich] A certain—yes (I have already mentioned the figure). Here, however, the rate of decline is inadmissibly high. For instance, the production of oil has fallen by 35 percent, of milk—by 60 percent.... I will not quote other figures. The decline is the number one problem, the most painful knot in economic life. It is a source of a pyramid of other troubles. As production declines, prices go up almost in parallel. And another menacing consequence is that unemployment is growing at an almost equal rate. If the cumulative decline currently stands at 46 percent, unemployment will be on the same level—in overt or hidden form. In absolute figures this means 40 million people. Right now we have mostly hidden unemployment. Employees are sent on leave for two-three months (as a rule, without pay), and wherever an enterprises is still operating, they often shift to a shorter work week or shorter shifts.

The statistics do not zero in on such a troublesome phenomenon. We all seem to be in this zone of self-deception. But unemployment cannot remain hidden for long—in the end there will be a discharge of millions of unemployed people onto the labor market.

We also have to take into account that some time later, when we all recover our senses, it will be very difficult to bring the plants back on line. Skilled personnel will have left, equipment will have been pilfered, or much of it will be in disrepair. In short, we will be returning to ruins.

[Golovachev] In a market economy it is hard to avoid unemployment or enterprise bankruptcy.

[Bunich] Bankruptcies—yes. And I think that about 20 percent of our enterprises are either hard to fix or are beyond salvation (this, of course, does not mean that they must immediately be closed). However, artificially created insolvency of many plants and factories has nothing in common with bankruptcy. A plant owes R20 million, for instance, while it is owed R80 million—does that make it bankrupt?

As to enterprise closures, this needs to be done on a strictly individual basis. The promising ones need to be helped (perhaps in a year they will generate tremendous profits). Some cannot be closed at all (for instance, the subway). In some instances subsidies will be needed; in some—credits. Not for consumption, but for specific effective programs, that is, aimed at the bagel itself rather than the hole in the bagel.

We need to more actively help entrepreneurship, develop it. Look: Those who are leasing their enterprises or have already bought up their shop or enterprise (there are now 10 million people engaged in this sphere) have suffered only a seven percent production decline (I want to remind you that the national average is 46 percent). Do you see a difference? At the same time, Russia still does not have effective economic conditions or proper legal protection for entrepreneurs. I see the solution in changing this situation as quickly as possible. Including adopting a law on protection of property. For enterprises, meanwhile, the solution is to search for new economic ties, to implement so-called civilian conversion.

[Golovachev] At the latest auction the dollar "took off" again, upward—to R342. There are many who say that this rate of exchange does not reflect the true ratio. What is your opinion?

[Bunich] We can argue endlessly on this subject, but there is no other exchange rate today—this is the reality. The increasing ruble equivalency of the dollar is not a result of "intrigues," not a plot by "dark forces"—it is a natural process. Inflation is gathering speed, the ruble is continuing to lose its "weight," so the value of the dollar goes up.

[Golovachev] But it is going up faster than prices are increasing.

[Bunich] True. Because other factors also are at play here. One of them is the expectation of further price increases, the desire to buy hard currency to get "insurance" for the money. There is also the fact that many enterprises are jittery that the government may again freeze hard currency accounts. Then they will not be able

to buy anything at all at the auctions, which means they are in a hurry to buy up the dollars that are still available.

Finally, emigration is increasing; people who receive their visas want to sell everything as quickly as possible and turn rubles into dollars. That is why I will not be surprised if in December or January the dollar hits the R500 mark.

On the other hand, a ban on selling dollars to many buyers may be introduced, or enterprises may be forced to sell all their hard currency earnings. This will bring the dollar rate of exchange down, but only temporarily.

[Golovachev] Last question. What do you think about the "voucherization" that recently got underway?

[Bunich] Large-scale privatization is unquestionably a good, useful thing. But in this case the implementation of the idea is not the best way. R10,000 in our situation is a simply miserly amount. As I already mentioned, the reevaluation of capital assets is being completed now. If their value goes up more than 20-fold, then the value of a voucher also should be, for instance, R200,000 rather than R10,000.

Second. Of course, land, housing, and municipal property should also be sold for privatization vouchers. But this is not enough. The nominal value of a voucher should be raised accordingly. This way many problems in this very difficult and controversial sphere will be removed.

Government Price Regulation Advocated

934A0044B Moscow KURANTY in Russian 17 Sep 92 p 6

[Interview with Anatoliy Deryabin, section chief at the Russian Academy of Sciences Institute of Economics, by Lidiya Lukyanova, senior editor of the rubric "Business Morals and Manners"; place and date not given: "The Invisible Hand of the Market"]

[Text] Zinaida, who has a dacha next to mine, keeps mum when it comes to the pathologically high price of sausage. Zinaida is a middle-level manager at the Ostankino meat processing plant. It is the mind-boggling price of footwear, clothing, and furniture that simply drives her nuts. This is understandable—she does not make them. Therefore, she berates the government for "such" prices. And even threatens: If prices go up again we will get rid of Gaydar, and even Yeltsin may not keep his job.

Who is raising prices, however? Let us leave this question unanswered for now. Meanwhile, a weaver also berates the government rather than the management of the meat processing plant for the high price of sausage. And so it goes in a circle, until the chain of producers makes a full round, bringing it back to the sausage-makers. As to the government, it looks as if, having let prices float, it shied away from price-formation problems like the devil from

incense, and keeps hoping that everything in the economy will be brought into equilibrium by the invisible hand of the market.

So once again the classic Russian question: Whose fault is it that prices are high? One (!) brick already costs 9 rubles [R]; a wooden handle for a spade is R8, and even that one is knotted and will break as soon as you apply pressure. Prices have lost all sensible limits. The desire of the producers of goods is as clear as day: to satisfy their appetites at the expense of the buyers' wallets. But what about the government?

Someone who can shed light on this is the guest of our rubric—Anatoliy Aleksandrovich Deryabin, section chief of the Russian Academy of Sciences Institute of Economics and member of the presidium of the exchange council of the Central Stock Exchange in Moscow, is one of the leading specialists in the area of price formation:

[Deryabin] You are right—the government has removed itself from price management. I do not share the point of view of those economists, though, who believe that this is laudable, and tell us the tale that in a free-market economy the government should not manage price formation. There is not a single civilized country in which the government does not manage price formation.

In the United States every state has a government inspectorate, which keeps track of prices and...fairness of competition. On a presidential order they have established an independent price-monitoring commission that is not subordinate to the president. It includes representatives of the most influential companies. God forbid this commission catches someone engaging in unfair competition practices or price gouging. Our government should also set up such pools, clubs, councils, or conferences (call them anything you want) of producers, possibly even together with consumers—the way it is done in the West—if it has an interest in a single price policy. Given our circumstances—that is, a monopolization of production that is probably the highest in the world—price formation ought to be made public. People are tired not so much of high prices as of their instability. It is impossible to put together a budget, whether a family or a state one.

[Lukyanova] So why is the diktat of the producer-monopolist flourishing right in front of the government's eyes?

[Deryabin] You already answered this question yourself: because the producer-monopolist is the state itself. At its enterprises it can set any price it wants. By the way, the cost principle of price formation—so much maligned, especially by our financial "genius" Pavlov—is used in all capitalist countries. Any major contract, especially a government one, is accompanied by a calculation showing all the costs and expected profits. There are occasional attempts at cheating, but as a rule these end up in a grandiose scandal and loss of reputation, which is the company's most valuable asset. Occasionally the government itself sets prices on goods and monitors

compliance. A regular customer there has a right to demand (and he does exactly that) the cost calculations regarding the goods he is purchasing.

[Lukyanova] Just try to demand that here—a state enterprise will simply tell you to go to hell: Take it or leave it! But what is one to do if there is no alternative? As for commercial enterprises, they will make a scandal on top of that—you want to ferret out commercial secrets, they would say! It does seem, though, that what they are hiding is not costs but superprofits.

[Deryabin] Naturally, an honest profit of 200–400 percent is impossible in a civilized market even for a leading enterprise. Here, however, it is a common occurrence, and nobody seems to be interested. When it comes to prices, our government is always behind, and has been since the beginning of the liberalization. Another example: Grudgingly, under the threat of rebellion, the government finally changed grain procurement prices, but only when agricultural producers refused to sell it to the state, thereby creating the threat of potential famine. The government should have done this in a timely manner. Why do they always have to play a catch-up?

[Lukyanova] Soviet bureaucrats of all ranks are accustomed to working solely by following the resolutions of the CPSU Central Committee Politburo; they have been taught not to act independently. Perhaps that is why they are inactive, waiting for instructions? Or maybe they count on the self-regulative nature of the market economy?

[Deryabin] There is no economy in the world that exists without conscious efforts on the part of the government. Without the will of the "iron" Margaret Thatcher, Great Britain would not have made a comeback. The world-renowned Pavel Grigoryevich Bunich did us a lot of harm by throwing a boomerang that has returned and hit us now. He maintained that capital would flow where the profit is greater; this way the production needed for society will develop, prices will go down, and everything will be fine. I can quote him on this. And what did we get?

Galbraith, an outstanding economist of our times, said that in our country people like to talk about the invisible hand of the market which ostensibly will manage the economy. He added: People who count on this are clinically sick. Our government not only has removed itself from managing price formation, but has been and is still doing everything in its power to....contribute to price increases.

[Lukyanova] Perhaps this is out of incompetence? It is clear now that there is no thought-through reform program. You are saying that the government contributes to price increases. Prove it.

[Deryabin] In 1990 we proposed to the Ryzhkov—and later Pavlov—government to implement price liberalization differently. To identify an enterprise in each industry that is a technological leader and make the

prices of its products a sort of benchmark that cannot be exceeded. If you want to charge less—please do. The United States has such price-setting leaders. We did not even get a response to our proposal. Then Gaydar put through his liberalization. Another example. To the presidential decree on a fair value-added tax the government attached an instruction whereby this tax is collected the same way as the turnover tax. So now this 28 percent tax is collected at every completed stage of production cycle. For instance, in the chemical industry there are 17 process stages; each of them produces an interim product and to each a 28-percent tax is applied; in reality, this tax should only be applied to the part of the product added by this producer. Seventeen times 28 percent from each petroleum product—and as a result 90 percent of the final product cost is value-added tax. Enterprises will have it eventually readjusted, but the consumers' pockets cannot sustain such prices. After all, in the price composition this tax should have accounted for only 28 percent. For the same reason, tractors and combines arrive with price tags that are out of reach. When there is no demand, this means that the enterprise's products settle in warehouses, and the enterprise incurs debt. Then we hear: Government, give us credits! Such are the consequences.

[Lukyanova] Is it out of ignorance or deliberately done in such a way?

[Deryabin] I am increasingly inclined to think that it is impossible for the government not to know the potential results of its actions. There can be no explanation other than that V. Gerashchenko deliberately artificially raises the ruble-dollar exchange rate. By issuing billion of rubles' worth of credits he is protecting backward state enterprises from real competition, without which we cannot move towards a normal market and ruble convertibility. If Gerashchenko and Gaydar do all this deliberately, then they are succeeding in carrying out the goal of finally destroying our economy. Have you not noticed that Gaydar keeps saying: "this country," or "in this country...." He does not say: "my," or "our country...." Why is he distancing himself?

[Lukyanova] That is an astute observation, Anatoliy Aleksandrovich! For a year people have been tightening their belts and, as the president asked them, put up with high prices in hope of better things: Once we get to a free market, then.... It is clear by now, however, that we are moving in the opposite direction from the goal: The population's standard of living keeps falling. During the time of stagnation, when the CPSU Central Committee Politburo adopted a food program, a joke immediately sprung up. The "Armenian Radio" is asked a question: What will happen after the food program is fulfilled? The "Radio" replies: A census of the remaining population. I hope something like that will not happen when we finally arrive at the promised market. Are the falling standard of living and deepening economic crisis objective necessities during transition to the market?

[Deryabin] When we started perestroika, Gorbachev immediately started singing about the inevitable difficulties. Now Gaydar and Yeltsin are continuing to do the same. However, nobody has ever provided economic justification to prove the contention that crisis is unavoidable during the implementation of reforms. They say it is because we are implementing reforms. But this is either tautology or plain nonsense. I do not understand why reform should be accompanied by a decline in the production of goods needed by the people, goods that are in excessive demand. It is time to reduce the production of unneeded items in the military-industrial complex, and also of expensive and low-quality ones. It is insane to produce meat that costs several hundred rubles a kilogram. But who can explain why the production of footwear and fabric at normal enterprises with normal costs is declining? Besides, if the production of unneeded tanks is cut, why is the standard of living declining? Everybody in his own mind understands that this saves the metal—it is not being used up, it can be sold and goods needed by the people can be purchased. If expenditures are being reduced, the standard of living ought to rise at least a little, or stop declining; instead, it just keeps going down, down.... It is being hammered into our heads that this is the way it should be. They name as a cause the disruption of economic ties after the disintegration of the USSR. This can have an effect, but not to such a degree. Russia suffers to a lesser extent, since it produces much of what it needs, and the former republics have stopped feeding off it. Again, this should have led to a better life, but.... They say that difficulties stem from the transition to different forms of ownership. On the contrary, the emergence of private property to replace state ownership should have stimulated a growth of production rather than trigger a decline. I see only one explanation—the reformers' inability to manage the national economy.

[Lukyanova] What about the attitude of producers who set crazy prices on, for instance, sausage in order to raise their salaries—does this fall within the bounds of objective necessity and moral norms? I have nothing against my dacha neighbor who works at the meat processing plant receiving—according to her—R15,000 or more a month. This is instead of the former R300. What made her salary increase 50-fold? Perhaps they perfected the technology and reduced the costs? Or is that the quality of sausage has become so superior that your mouth starts watering and you are ready to plunk down R400 per kilogram? Or maybe they have increased the volume of output? Finally, maybe they got rid of the rats, put an end to theft, and thus reduced their losses? No, Zinaida says that nothing has changed. Salary increases have come entirely out of higher prices. And they will consume all their profit while production deteriorates. In the West a businessman could not afford this—he would go bankrupt. Because his sausage will not sell at crazy prices. We, however, get ripped off because we do not have any choice.

[Deryabin] The government should have foreseen all of this. Under socialism we used to preach the principles

that all metalworkers in the same category should be paid the same, regardless of where they work, and regardless of their skills. And all professors should be paid the same, whether you are a genius or a nitwit and a loafer. Now we are trying to get away from the principle of fixed salaries in labor remuneration and pay by results rather than costs. Since the times of Adam Smith a product produced in quantities lower than the social need for it is assigned a higher value. And the labor used in its production is better rewarded. We are willing to pay, and are paying, a higher price for something we need. What producer will then under these circumstances lower the price on that same sausage or brick?

We had a distorted notion of fair labor remuneration; it is being disposed of now, and rightly so. It is another matter what the salary ranges are. And your question is correct: Why for this kind of money are they not making more and better quality sausage? In order to expand and perfect production one needs incentives, not orders. A market economy is impossible without a desire to work better; our government has not even created the preconditions to create such stimuli. Their undoing was a typical Soviet self-confidence that everybody must have such an urge. Where is it in the case of our Zinaida? All she cares about is a higher salary. The government ought to have provided stimuli for the development of production for those who manage this production. Then they in turn would have put Zinaida in a situation where she herself would demand to increase production and improve quality.

There is one more nuance: The desire to work better will develop as people's needs develop—if they start building a cottage for themselves, or travelling....

[Lukyanova] Well, you know how much restraint in terms of needs used to be glorified here—it used to be called modest living.

[Deryabin] And, most importantly: Zinaida is hired labor; this is not her processing plant; therefore, whatever happens to it—she does not care as long as she is paid more. Strangers or favorites hardly care about production.

[Lukyanova] Does this include the government?

[Deryabin] Naturally. The entire coal basin surrounding Moscow consumes more electric power than it produces. Those who work there probably know it and that is why they do not strike. Who needs this production? But to shut it down one needs courage; one needs to rearrange the lives of hundreds of thousands of people. So it does not get shut down. Do we need to cut the armed forces? Without question! There are no cuts because there is fear: What if the officers rebel and overthrow the government? As for the entrepreneur, there is nothing to fear—he will not, forgive the expression, jab them in a jaw.

[Lukyanova] Meanwhile, the president has called on us to show initiative. He did not specify, however, how to do that if it gets nipped in the bud at the local level. Does he not understand this?

[Deryabin] It is a correct slogan, but I would add something to it: Do show initiative, compatriots. Show it because nobody in the government is thinking about you. Such are their manners and morals.

Problems of Industry Under Current Conditions Explored

934A0044C Moscow IZVESTIYA in Russian 10 Oct 92
Morning Edition p 3

[Article by Doctor of Economic Sciences Aleksandr Livshits: "Ode to a Director: Economic Managers Were the First Victims of the Transition to the Market, But Most of Them Are Working for Reform"]

[Text] When times are tough, everyone hurts. Among others, it was not an easy time for those put in charge of state enterprises.

In the beginning nothing seemed to portend a thunderstorm. A new power came in, which, very much like the old one, proclaimed its devotion to the market economy. The director corps on the whole approved of this proclamation and, flashing a wise smile, supported old talk about economic independence and the need for market reform. Real life remained the same: Completely guaranteed disposal of output, free credits, centralized supply through allocation, budget subsidies, and so on. There was not much freedom, but things were done in the accustomed and easy way. True, there were some farsighted people even then who realized that this time it is serious. They started rising to their feet, unbending their knees, and learning to walk on their own. They started thinking about sales, and started searching for people who are willing to pay real money in a timely manner. The majority, however, who had seen many innovators before, lay low, hoping that this time again it will all blow over.

In the spring the situation changed dramatically, and then a crisis broke out. Wide avenues, where just yesterday resource traffic was moving regularly, suddenly turned into narrow side streets blocked by the barricades of sovereignty. They were tormented by problems: to whom to sell the output and how to promptly get paid for shipped goods. At the peak of the arrears crisis also came a cash shortage.

The directors were squeezed from both ends. From the bottom, the workers were applying pressure. The party committees were a thing of the past, and the citizenry, not having a good understanding of what was happening, took all their troubles to their bosses' offices. He was the one to be held responsible for everything. At the top, in the government, there now were very few familiar, reliable people with comprehensible reactions. Now the sight at the top was that of young scholars who had

started some macroeconomic stabilization. They did not invite anyone, or ask for opinions. The directors got a second look: It seemed that this was a resilient crowd that continued to push their line even when obviously making mistakes. The director would be glad to adopt—this would not be the first time—but did not see things crucial to him: stable normative documents, sensible organization, and established rules of the new game.

From the sides, the pressure was coming from street and other politicians, who were pushing their way to enterprises, closer to the people. They were explaining that the Gaydar team was bent on destroying domestic industry, and the director corps with it. They whispered: People are agitated; you are the only ones they trust. One more step, and here it is, power—just around the corner.

The car no longer provided peace of mind. Wherever one looked there were chaotic crowds of traders that went so much against the grain of the director's organized soul. And at home, opening the newspaper, he learned a lot of interesting things about himself. Such as that he was in fact the main secret saboteur, the dyed-in-the-wool partocrat, who was sticking spokes in the wheels of the glorious market reform. He would turn on the television set and see either professional democrats or arrogant boys who had made a fortune out of nothing and were now teaching him, the expert on mechanisms and human souls, how to live from now on.

At the beginning of summer at many state enterprises in Russia there was a rare display of unity of feelings. Putting the past behind them, bosses and subordinates, administrators and workers started getting closer to one another, banding together, on the premise that it is better to fight for survival together. The new party functionaries, the old trade union apparatchiks, and even the recent workers' idol from the independent trade union leaders were pushed to the periphery of the conscious. The authority of the director corps went up immeasurably; their real power over people truly reached immense proportions.

It was also at that time that the negative energy which is inevitable during the first, the most painful for the people, period of reform started to accumulate. This was a natural response to the price shock that had shaken the soul and displaced lifelong reference points. By and large, however, these negative moods remained inside the socioeconomic sphere. They did not evolve into a dangerous, chaotic political quality, did not spill outside the enterprise gates.

In principle the director corps had an opportunity to step over the critical line, to commit an act that could turn out fateful for the future of the country. The situation permitted it, but they did not take advantage of it. They did not heed the cooing of political sirens, did not offer their backs to the people who wanted to get into power without too much effort. The matter was limited to a few instances of strike committees' penetration by plant administrators. And even that was not for the sake of

political gains. They just wanted to scare the government with the specter of strikes and thereby protect industry's interests.

Why did it happen that way? First and foremost because the directors, being first-class professionals, do not particularly like to meddle in other people's affairs and prefer to stay out of politics. A live director who is actually doing his job is more apolitical, loyal, and balanced than a representative director who has appointed himself the defender of his interests in the parliament. What came into play was the understanding of their own power, and how destructive the consequences could be. And still the main point—the sense of responsibility for the state, without which one did not get appointed to manage production and people. It was a deep-seated instinctive reflex: Authority is still authority, no matter what kind it may be, and it is not a director's place to overthrow it. It is his duty to protect it.

The commanders of state enterprises took upon themselves the shock wave of discontent over the initial stage of Gaydarnomics, and were able to absorb it. Government bureaucrats, who get touchy over any criticism, could not imagine in their worst nightmares what the plant directors had to take. Especially in May-June, when simultaneously with the production decline a solvency and cash crisis broke out. In this most difficult time they showed unheard-of flexibility, political stamina, and a statesmanlike approach to the business at hand. Even being indignant over the government deep inside, they nevertheless practically shared with it responsibility for the market transformations, provided support at the right moment, kept the sociopolitical situation from exploding, and helped to stabilize it. Those who were called antireformers actually were the ones who realistically helped to continue the reforms.

Although the directors' credits are beyond doubt, they were far from always beyond reproach. When difficulties with sales and payments began, the chairs became shaky and it was no longer safe to occupy them. It was time to get up and go. But how, where? They had been taught differently—sit, wait, carry out. Many began to rush about, to drift. Those who were still hooked on the principle "my business is to deliver the tonnage, the authorities business is to provide the money" resorted to a tactic of squeezing subsidies and preferences out of the government, and even got themselves involved in political games. The government extended a helping hand—hopefully, not to everyone. The market is not a shelter for the disabled and the sick. There is no market without bankruptcies. To waste time trying to prove the contrary is like designing a hydroelectric power station to be built in the Sahara desert.

Some say that had it not been for the industrial lobby that had managed to push the government against the wall, the insolvency crisis could have sunk the entire economy. It is true that the directors put a lot of effort

into this. Still, this was not the main point. The government backed off the proclaimed anti-inflation course and came to the rescue of industry not because it gave in to pressure. The economic realities have changed. They necessitated the change in political tactics. This would have happened under any circumstances, regardless of the presence or absence of any pressure.

The government, of course, provides much cause for reproach, but it can hardly be suspected of not understanding simple things. For instance, the fact that a state-run monopolized economy is not very elastic and if the demand is seriously restricted it will start falling apart. All of it—not just the unprofitable part of it. They understood that no matter how much we berate our industry for sluggishness, poor structure, ineffectiveness, arbitrariness in price-setting, and dependency, there is no other yet. And that its destruction cannot be permitted.

It is another matter that, judging by everything, the course correction was unforgivably delayed. Was it really necessary to push matters to the brink, to boiling point? It was possible to brake earlier and avoid serious losses. The industrialists were the first to sense this; they sensed the danger and started to sound the alarm. What was needed was good hearing rather than a loud voice proclaiming adherence to free-market ideals.

In recent memory the government's economic policy has already undergone two turns. First, there was a period of monetary, credit, and budget restrictions. Then it was the turn of inflationary methods, whose purpose was to preserve state industry. Now the third stage is upon us. Regardless of whether there are going to be changes in the government or not, it can only be an anti-inflation policy. This is not a question of political ambitions and competition between programs—at stake is the continuation of economic reform per se. All the signs are already there that in the next few months inflation will become the main economic problem in Russia. If we do not succeed, do not manage to reign it in—Gaydar's or any other policy will reduced to dust.

What next? Nothing special—the fourth, the fifth, the sixth, and so on political maneuvers. It is unlikely, for instance, that it will be possible to avoid a new round of inflationary stimulation of production. If for no other reason than that the Russian economy cannot be privatized overnight, while state-owned industry will retain its low efficiency for a long time and will need additional monetary infusions. Which will have to be provided.

If the situation is under control overall, the alternation of political turns is typical of the normal political process, similar to that going on in other countries. This does not present any danger to the market or the entire economic reform.

Inside our director corps a split is fast taking place. Market processes and especially privatization are undermining this former monolith. There are managers of large enterprises converted to joint-stock ownership,

who have their share of property; there are directors who were able to get their bearings in time and find their place in the market reform. They are gradually getting close to the private business sector, as a result forming a modern entrepreneurial stratum in Russia. There also remain, however, fierce opponents of the market, who are stubbornly pulling back. The stratification is happening so fast that by now there probably is no political force able to hold a monopoly on representing the interests of the entire director corps.

We need to speed up the formation of a stable legal base that ensures true economic freedom for state enterprises. The kind, of course, that in principle is possible within the framework of the state rather than private sector. Directors are living people. If they are considered professionally fit and are entrusted with managing thousands of people, their social status should be set appropriately. Those who in fact have control over property should get their due in the course of privatization, have a stake in it. The directors need to be consulted, brought in to provide expertise in the preparation of government decisions. It is time to open a clear career path for the progressive industrialist. Let him know that his work is visible and ahead is the post of high-ranking state bureaucrat. Honestly, it will not make things worse.

The overwhelming majority of directors support the continuation of reform. They will not go back, and will not let others do so. Therefore, the position of the newly hatched specialists on combating the nomenklatura revenge and discrediting economic managers, the perestroika warriors who continue to whip up passions, is very inappropriate. Who are you fighting, may we ask, and, most importantly, for the sake of what? Now, when we desperately need civic consensus, it is time to stop imposing what is hopelessly outdated, muddling minds, inciting people, attempting to sell them goods for which there is no longer demand.

There is no need to gratuitously insult the directors. Especially those who can rightfully be called the national wealth of the country. They have always worked for the Motherland, and will still do a lot for it.

Kirov Workers Address Yeltsin on Tough Economic Conditions

934A0102A Moscow *RABOCHAYA TRIBUNA*
in Russian 20 Oct 92 p 1

[Text of letter by the "collective of the factory's workers," under the rubric "To the President and Government from *RABOCHAYA TRIBUNA* Readers"; place and date not given: "How Are You Going to Answer Our Questions, Boris Nikolayevich?"]

[Text] Mr. President of the Russian Federation!

We have discussed, thought through, and agonized over every word of this letter. But we no longer can keep from writing to you, we don't have the right, because in our

hands are children and grandchildren who smile less and less and suffer more and more with each passing day.

Our factory is one of the oldest enterprises in Russia: it will soon be 250 years old. It was the property of merchants and landowners, then it was nationalized and, as people used to say, handed over to the working class. In the years 1941-43 it was completely destroyed by the German-fascist occupiers.

Restored after the Great Patriotic War through the efforts of Kirovites in a very short time, the factory became the foremost enterprise in plumbing manufacture. In its shops work hereditary ironworkers, remarkable representatives of labor dynasties that are famous in our city.

Now perestroyka has begun, and we have supported it. We were the first in the city to lease our factory, and three years later we issued shares for it. However, the situation in the enterprise and the collective, especially this year, has become ominous. Unrestrained growth in prices for raw materials and fuel sources has forced the factory to increase the cost of its goods many times, and high-quality bathtubs and high-coefficient boilers have begun to accumulate in our finished goods warehouse. We find ourselves on the brink of bankruptcy.

What kind of reforms are they if they promise further ruin, enterprise shutdowns, and a deepening of the economic crisis!

What kind of reforms are they if none of us is confident of tomorrow, if even our pay is not issued on time!

What kind of reforms are they if pensioners receiving old-age subsidies for many years of hard work are today living on black bread and boiled water without sugar!

What kind of reforms are they if people are out of work as well as the means for existence!

What kind of reforms are they if the future of our children and grandchildren is unclear and unpromising! We workers are in favor of sensible reforms that improve the life of the common man.

Mr. President!

Most workers voted for you a year ago. Many believed you and your promises not to raise prices, to improve the material and other status of the working man. But your promises turned out to be empty words.

Even today you are promising us privatization checks, peace, and food for the winter. You continue to assert that millions of private property owners are the key to the success of the reforms, but that is deception!

We, the Kirov ironworkers, are shareholders. We are those very same "co-owners of enterprises," private property owners who are threatened with dismissal, unemployment, further impoverishment, and as a consequence a less than full stomach this winter. We are "masters" who can be put out at any moment.

How are you going to answer our questions, Mr. President? Honestly and fairly or with deception?

Perhaps it would be better if you stepped down from your post. Along with the "Gaydar team," naturally. After all, the patience of the working people you appeal to on a daily basis is coming to an end.

Discussed at workers' meetings of the 3,500-member collective of the factory and passed unanimously.

From the Editors

This letter arrived in our offices signed "Collective of the Factory's Workers." We asked them to clarify who specifically signed this appeal to the Russian president. In reply we received pages covered with names. Here they are: [reproduction of signature pages]

'Civil Union' Calls for Anticrisis Measures, Coalition Government

934A0102B Moscow *RABOCHAYA TRIBUNA*
in Russian 20 Oct 92 p 2

[Text of statement; place and date not given: "The Political Council of 'Civil Union' Declares: The Solution to the Crisis Lies in Creation"]

[Text] The economic crisis, multiethnic conflicts, and social tension that define the life of Russian society today are engendering in many a feeling of hopelessness, of uncertainty about tomorrow. With each passing day, trust in the authorities and the political leaders who have taken on the responsibility of ensuring an improvement in people's life grows weaker and weaker.

The difficulties we are experiencing could provoke panic and serve as a conducive atmosphere to extreme radicalism. An example is the appeal of the organizing committee of the National Salvation Front, whose leaders, famous for their noisy but short-lived and fruitless "veches," "unions," and "assemblies," have virtually called on Russians to fight the legal authorities.

We too are far from delighted with the policy of the present government. The parties and public associations that joined together in the Civil Union a year ago predicted the results that the macroeconomic experiments have led to today. But panic and endless complaining are the lot of the weak. The Civil Union, as a realistic and responsible political power, sees the only solution to the crisis in creation.

The economic program we propose names effective means and mechanisms that allow us to put a brake on the worsening of Russians' life and to halt the collapse of

industry and agriculture. We are not promising miracles. Ahead lies a time of hard work. But the precondition for the realization of any program is stability and public accord. In a situation of war, of everyone against everyone, provoked by radicals on the left and right flanks, any change for the better becomes impossible.

While rejecting attempts to carry out the front's line inside Russian society, we are convinced of the need for serious changes both in economic strategy and in the makeup of the team implementing it. The government has proven itself incapable of constructive dialog and practical interaction with organized political forces.

Meanwhile, in society and parliament as well, influential groupings have formed, and ignoring them can only deepen the crisis.

The Civil Union is firmly intent on obtaining through constitutional methods the passage and implementation of a program of anticrisis measures and the creation of a popular coalition government capable of mastering the situation while holding the course toward an efficient and socially oriented market economy. In resolving this task we are prepared to collaborate with everyone who, like us, is striving for stability and creation.

Revised Official Subsistence Levels Considered 934A0084A Moscow TRUD in Russian 17 Oct 92 p 2

[Unattributed report: "Our Living Standard: Free Fall?"; followed by analytical article by Yevgeniy Gontmakher, director of the Russian Ministry of Labor's Administration for the Living Standard and Social Support of the Population, and commentaries by Aleksandr Baturin, deputy director of the Nutrition Institute; Aleksey Moskvichev, deputy Russian minister of health; and [Elizabet Khelsing], nutrition consultant with the Nutrition Department of the World Health Organization's European Regional Bureau]

[Text] Recently a new official minimum subsistence living standard (the third in a year and a half) was established in Russia. These calculations are not a mere formality; they are important for determining minimum wages, pensions and allowances. And that means they directly affect the interests of every inhabitant of the country.

Yet such important materials are not yet known to workers, rural residents or pensioners. We are publishing a complete table with a selection of foodstuffs included in the new minimum, August prices, consumption norms and the total expenditures required for the survival of one person. At the same time, we offer readers the opportunity to acquaint themselves with various viewpoints on this problem.

Here's What the Food Allowance Is

Calculation of the minimum subsistence living standard based on August 1992 prices, using a new, stricter methodology.

	August price per kg, rubles	Per capita	
		Monthly consumption, kg	Price of one month of product, rubles
1. Grain products, total			203.85
—beans	8.85	0.38	3.41
—wheat flour	16.36	1.63	26.63
—rice	23.50	0.31	7.19
—groats (excluding rice)	28.39	0.44	12.39
—wheat bread	13.61	5.24	71.34
—rye bread	11.60	5.72	66.39
—pasta products	37.78	0.44	16.50
2. Potatoes	22.58	10.35	233.75
3. Vegetables, total			200.07
—cabbage	19.72	2.34	46.11
—cucumbers and tomatoes	35.04	0.21	7.53
—table root plants	28.35	3.12	88.48
—other vegetables	26.89	2.16	57.96
4. Fruits and vegetables, total			50.54
—fresh fruits	39.00	1.20	46.92
—fruits, dried berries	45.00	0.08	3.63
5. Sugar and confectioneries, total			108.01
—sugar	57.59	1.64	94.38
—candy	143.42	0.06	9.24

Calculation of the minimum subsistence living standard based on August 1992 prices,
using a new, stricter methodology. (Continued)

	August price per kg, rubles	Per capita	
		Monthly consumption, kg	Price of one month of product, rubles
—cookies and cakes	45.82	0.10	4.39
6. Meat products, total			164.42
—beef	86.32	0.40	34.32
—lamb	60.43	0.08	4.71
—pork	92.60	0.13	11.85
—variety meat and other meat	79.46	0.04	3.51
—poultry	65.50	1.46	95.75
—lard	68.78	0.06	3.92
—sausages and smoked meats	149.57	0.07	10.36
7. Fish products, total			41.99
—fresh fish	40.80	0.91	37.00
—herring	74.02	0.07	4.98
8. Dairy products, total			185.76
—whole milk	9.57	5.80	55.47
—skim milk	8.48	4.46	37.79
—cream and sour cream	58.03	0.13	7.65
—butter	165.16	0.21	33.98
—cottage cheese	32.17	0.82	26.51
—cheese (cow's milk and sheep's milk)	128.18	0.19	24.36
9. Eggs (units)	2.13	12.62	26.87
10. Margarine and other fats	48.67	0.32	15.81
11. Vegetable oil	56.42	0.54	30.31
12. Other foodstuffs			63.07
Total food basket			1,324.46
Nonfood basket			370.38
Services			143.50
Taxes and other mandatory payments			100.84
Total monthly minimal subsistence living standard (August)			1939.18

View From the Ministry of Labor: What to Hope for
(by Yevgeniy Gontmakher, director of the Russian Ministry of Labor's Administration for the Living Standard and Social Support of the Population)

Such a concept as "poverty line" is used in many countries. In the former Soviet Union a minimum consumer budget was worked out that included more than 300 items—foodstuffs, nonfood goods (including durable goods), services and expenditures for taxes and other mandatory payments. However, for decades (until 1989) the amount of the minimal subsistence living standard was carefully concealed from the public. The poverty line calculated on the basis of this index was mentioned only in classified scientific reports stamped "Secret."

In the early 1980s a substantial portion of the population of the USSR and the Russian federation fell below that line, and the situation was getting worse with every passing year.

At the beginning of the current year of 1992, following the sharp new drop in most Russians' living standard that was caused by the freeing of prices, more than 80 percent of the population had incomes below the level of the minimum consumer budget. Approximately the same picture persists today. The size of the minimum consumer budget calculated for our country on an average per capita basis now exceeds 5,000 rubles a month. These figures are not kept secret today. They are

openly reported by the Ministry of Labor and our press. I think that it is clear even to a nonspecialist that in a situation of profound crisis the government cannot orient itself toward such a minimum consumer budget in its current social policy. For ensuring that living standard for the majority of the population is a task that can be accomplished only when a radical change and normalization of the situation in the economy take shape.

And right now what is required is to focus efforts on providing social assistance to the poorest population segments, which are literally fighting for survival. Therefore, in the spring of 1992 the concept of a lower "threshold"—the minimal subsistence (physiological) living standard—was introduced. These calculations were used to substantiate various social measures.

The Ministry of Labor sent out temporary methodological recommendations for calculating that minimum to the local level and simultaneously began perfecting the document with the enlistment of leading Russian and foreign specialists on nutrition and consumer budgets. The result was a new, more precise version of the methods for calculating the minimum subsistence living standard.

The main element here is food basket that, in the specialists' opinion, is sufficient in terms of calorie content and assortment of nutrients for an active life. In particular, it provides for the consumption of 2,240 calories a day and 74 grams of protein (including 29 grams of animal protein). Of course, from the standpoint of variety of foods, we are very far from standards in the developed countries.

But we must proceed from what we have. In essence, the new minimum subsistence living standard is a line beyond which a fight for survival begins. However, the crisis in the economy is forcing us to work out such an assortment.

It must be stressed that this "basket" can in no way be regarded as recommendations for the diet of a specific family. It is no more than an accounting index used for macroeconomic assessments.

The food basket has been worked out separately for the able-bodied population, retirees, and older and younger children. Separate calculations are also made for Russia's largest regions. Thus, to the extent possible, both specific age and social characteristics of the population have been taken into account, as have major differences in natural and climatic conditions.

In addition, at present minimum subsistence living standards are being worked out for various industry and occupational groups. The published table, however, gives average per capita consumption levels.

According to estimates, approximately one-third of the population presently exists below the level of the minimum subsistence living standard (in October this amount may rise to an average of R2,700-R2,800 per person per month for Russia as a whole).

But how can the minimum subsistence living standard be used in practice?

At the federal level—in deciding the question of the overall state minimum wage and pensions, as well as the question of budget allocations for social payments.

At the local and municipal level—for establishing additional payments (if necessary and if the capabilities of the local budget or nonbudgetary sources permit) to supplement the overall state minimum wage, pensions, allowances and stipends. The purpose here is to bring the incomes of the poorest families as close as possible to the minimum subsistence living standard.

Finally, at the level of enterprises, the minimum subsistence living standard could be used in concluding collective contracts and wage-rate agreements.

No matter how grave it may be, we are not concealing the truth from people and not keeping calculating methods and the content of the consumer basket secret. Only an honest and open economic policy can ensure people's support and trust.

Nutrition Specialist's Opinion: Nutritional Assortment Is Perfectly Acceptable (by Aleksandr Baturin deputy director of the Nutrition Institute)

The new minimum subsistence living standard satisfies requirements for the basic food substances and energy necessary to sustain low-income population groups. The conclusions of leading World Health Organization specialists have been obtained for the given dietary assortments and, on the whole, support the calculations. Moreover, World Health Organization specialists have noted that these dietary assortments may be changed in the direction of lowering them. Thus, I believe that the assortment cited in the table is perfectly acceptable for calculating a minimum consumer basket.

Ministry of Health's Opinion: Document Requires Further Work (by Aleksey Moskvichev, Russian deputy minister of health)

Personnel of the Nutrition Institute recently showed me the draft calculation of the new minimum subsistence living standard. I asked them to do additional work on the document and not to send it to the Ministry of Labor for the time being. And I also asked them not to attempt to get the minimum subsistence living standard to fit within a certain sum of expenditures, such as R2,000 or R2,500, but rather to proceed from rational norms that ensure a person's ability to sustain life and remain able-bodied. I think that the Ministry of Labor used other norms worked out for refugees, who are usually located at some sort of assembly point for several days. But that is an entirely different matter.

Opinion From Abroad: Reducing the Food Allowance Is Useful for Russia (by [Elizabet Khelsing], nutrition consultant with the Nutrition Department of the World Health Organization's European Regional Bureau)

The new minimum food basket that has been worked out for Russians may help improve the population's health. This basket has been soundly developed. However, as we believe, the amount of certain foods in the assortment could be reduced. These changes will make the food basket even more useful for health.

Efforts To Pursue Peasant Interests Explored

Peasant-Government Agreement

934A0081A Moscow IZVESTIYA in Russian 26 Sep 92 Morning Edition p 2

[Article by Valeriy Konovalov, IZVESTIYA: "It Is Possible to Come to an Agreement With the Peasants, It Is Harder to Comply With the Contract"]

[Text] The initial results of a contract signed in February of this year between the peasantry (its farmer segment) and the state, which is without precedent in our history, are now being summed up. At issue is not only the parties meeting their obligations but also how to structure mutual relations in the future. It is precisely the latter that is giving rise to a conflict situation.

The editorial office has obtained several working documents which reflect serious differences within the government concerning guidelines for financing the farmers' movement in Russia. A memorandum on the fulfillment of the contract between the Government of the Russian Federation and the Association of Peasant Farms and Agricultural Cooperatives of Russia (AKKOR), which was signed by Minister of Agriculture V. Khlystun and AKKOR President V. Bashmachnikov, states that the contract was carried out only in part.

There are genuine results. The government has succeeded in ensuring that most farmers will do spring field work and harvesting. They have embarked on establishing a cooperative interfarm infrastructure offering financial and insurance services and providing material and technical supplies to agricultural producers. The number of owner-operated farms has been increasing with the support of the state. Within eight months their number has grown by 90,000; there are now a total of 140,000 of them. However, credit on easy terms, which was provided for in the contract, was allocated with delay, as late as the end of March, when spring field work was in full swing. Goods within quotas specified in the contract have been delivered with shortfalls (43 percent of the tractors and 30 percent of the motor vehicles). As a result, about 10 percent of farmers were unable to engage in planting, and some of them gave up their land. The local authorities continue to display arbitrariness in allocating land to private owners. The issue of granting to farmers the right to the nondepartmental guarding of their farms is not being resolved. The situation remains difficult with regard to opportunities for

international cooperation among farmers, despite the AKKOR recently being admitted to the Confederation of European Agricultural Producers.

For their part, Russian farmers have adhered to the principles of partnership set forth in the contract and complied with its terms as much as possible. Thus, not one of the regional AKKOR chapters has seconded the categorical demands of the kolkhoz-sovkhoz majority to wind down the reforms and restore the administrative command system of management in the agricultural sector. However, there have been local violations in the disbursement of government-allocated funds. There have also been other disruptions in the implementation of the contract, which could have been avoided had a special resolution of the government on this issue been adopted. The main point is that the partners are not disappointed in each other, and are prepared to cooperate further—without ultimatums and opposition.

After examining the preliminary results of the contract, the Ministry of Agriculture and AKKOR developed an additional program to support owner-operated farming in Russia. Of course, it is yet to be discussed by the government, and this is why there is no reason to release it to the public. However, in principle the draft resolution provides for stepping up funding of private peasant farms, as the main providers for the country in the long term. The allocation of funds will be tied to quite specific uses and addressees, for example, to develop interfarm cooperation, to have owner-operated farms participate in the privatization of processing enterprises and agricultural services... The creation of a system of peasant land banks is a fundamental issue. To this end it is envisaged using deposits which are frozen as the collateral for loans extended to farmers. It is also proposed to add the association of farmers to enterprises and organizations which are entitled to receive export quotas and licenses, as well as to use loans from foreign states in an amount of up to 30 percent of those allocated to the agro-industrial complex.

It appears that a consensus between the peasant association and the government, as represented by the Ministry of Agriculture, has been reached, which is not an easily accomplished task under current conditions. However, the Ministry of Agriculture is not yet the entire government, as evidenced by a pertinent memorandum sent by Minister of Finance V. Barchuk to Ye. Gaydar. It subjects the proposed agreement between the agrarian department and the farmers' association to a major revision. In particular, betting on interfarm cooperatives gives rise to objections on the part of the Ministry of Finance, despite this being the main issue and hope for the new owners in the rural areas. The owner-operated system will not survive in the absence of its own infrastructure. It is naive and dangerous to expect kolkhoz services to provide support to the farmers. Our present-day reality indicates convincingly that mutual relations between two systems in the same village frequently hinge on political ambitions rather than economic advantage. A private operator cannot get motor fuel, repair his tractor, or purchase spare parts on a kolkhoz. He cannot use existing channels for sales or

obtaining credit. Such is the reality which cannot be ignored, and which the contracting parties, the Ministry of Agriculture and AKKOR, understand. However, the Ministry of Finance has considerations of its own, and its own view of agrarian problems. The intention of the "Russian Farmer" Foundation, which has been set up by AKKOR, to establish a banking system for peasants is running into opposition from this department.

The interference of government financiers in cooperation between the agrarian ministry and the association of farmers will obviously aggravate the situation and complicate the emergence of a new peasant system, to which much hope for resolving the foodstuffs problem is attached.

Bashmachnikov on AKKOR

934A0081B St. Petersburg NEVSKOYE VREMYA
in Russian 29 Sep 92 p 1

[Statement by Professor Vladimir Bashmachnikov, doctor of economic sciences and president of the Association of Peasant Farms and Agricultural Cooperatives of Russia, recorded by Lev Anikin: "The Paths and Ways of Billions Allocated to Farmers: The Original Sin of Monopolies"]

[Text] As early as last spring it came out at the Russian peasant congress and many local congresses, including here in St. Petersburg, that farmers had many complaints to make about their own organization, AKKOR [Association of Peasant Farms and Agricultural Cooperatives of Russia]. It was conceived as an authorized intermediary which would be close to the government, and would be called upon to defend the interests of farmers. However, little has changed since: obtaining regular land, getting a loan, purchasing machinery, setting up a farm—everything is a problem. Debates at the forums flared up to the pitch of a row. Later the Peasant Party also joined in, whose leaders stated that the monopolistic practices and undemocratic nature of the very structure of AKKOR are the crux of the matter.

Professor Vladimir Bashmachnikov, doctor of economic sciences and president of the Association of Peasant Farms and Agricultural Cooperatives of Russia, commented on the situation.

Indeed, we may say that we are getting knocks from the left and the right. They are beating us senseless. On occasion, they have a point. There is no argument; we are far from being ideal assistants to the farmers.

The association was created in times when the very word "farmer" was considered blasphemous. This is why the concept of the organization was discussed in what we may call a semi-underground setting—during a walk in the woods in Khimki. Academy members Yemelyanov and Tikhonov, journalist Mezentsev, and myself, at the time a functionary of the Economic Department of the Central Committee of the party, had no illusions: The peasantry will not come along by itself in our country.

Yet another abolition of serfdom had to begin from "on high" yet again. This meant that not only did the leadership have to be so persuaded but that there should be permanent contact with it for the endeavor to advance. There was nowhere for an independent peasant organization to come from. Since then, we have been sort of under the government. Hence our original sin of monopolistic practices, and many other present sins along with it.

The main complaint of the farmers is: Where is the money? The government has allocated almost 30 billion—where is it? There have been a great many audits. With insignificant exceptions, no financial violations have been found here, at the center. However, there have been violations in certain regions. Local production and commercial efforts are excessively centralized, which has brought about mistakes in selecting the modes of using state subsidies. Many people have rushed headlong into commerce in an attempt to augment the amounts received by way of bank interest on frozen accounts. It appears that they are working to benefit the farmers, but without consulting them or inviting them to participate in this endeavor. Understandably, a lack of control does not do us any good.

However, we are making corrections. The need to transfer these subsidies, in full, to be used by rayon associations was confirmed at the latest meeting of the AKKOR Council. No less than 80 percent of these funds should be credited to a special account, for the most part that of the "Russian Farmer" Foundation. This account will no longer be managed personally by the chairmen of rayon associations (to say nothing of executive directors, which was often the case), but rather by councils consisting of farmers, with land committees and representatives of rayon administrations participating. They will now decide together how the funds would be better spent: for individual loans to peasants or, perhaps, for organizing farmers' trading houses, joint storage facilities, processing enterprises, or rental agencies. That is to say, an opportunity to set up, in addition to everything else, a self-service system will be gained through such subsidies. Along with this system the prerequisites will appear for us to become independent of state tutelage.

Our role, that of the Center of the Association of Peasant Farms and Cooperatives of Russia, will also change in the process. The more independence we win in peasant affairs at the local level, the sooner our current function of "pushers" and "arrangers" will become unnecessary. Instead, more interesting work will become available. We are already preparing for this. The first fair which was held in your city was precisely one such new endeavor. We are proud of the fact that we organized it ourselves, without any participation by the state. We are already working on the next fair.

As far as statements about us by the leaders of the newborn Peasant Party are concerned, I for one take them calmly. There is nothing for us to quarrel over. So, one more assistant to peasants and a severe critic has

appeared. Great! Thus AKKOR is no longer a monopoly. Competition between us, the assistants, has begun.

Obstacles to Peasant Efforts

934A0081C Moscow ROSSIYSKIYE VESTI in Russian
1 Oct 92 p 1

[Article by Yevgeniy Sosnin: "Peasants Continue To Defend Their Interests"]

[Text] Whatever they might say, many people are used to the fact that good news from the fields of Russia may be heard most often in the fall. However, there is no particular cause for joy this fall. To be sure, crop failures have happened before. At times the rain has flooded the crops in the field, and the wheat has been abandoned to be covered by snow.

It appears that it will not be restricted to these calamities this time. Indeed, some regions of Russia got well-roasted in the summer, and the fields did not even produce seeds. Quite the opposite, the precipitation in Krasnodar Kray was such that the bulk of the crop of the famous Kuban wheat was greatly afflicted by fusarial wilt because of excessive moisture, and is unsuitable not only for table but even fodder use. Meanwhile, the Kuban stands for about 4 million tonnes of commodity grain, and what grain at that!

Alarming reports have been received from Siberia in recent days. The grain crop in the main breadbasket of Siberia, the Altay, is perishing. By the beginning of the last 10-day period in September only one quarter of the grain crops had been threshed there. Rains which went on into the second month were preventing access to the fields. In some places grain is beginning to sprout in standing crops. The situation is no less alarming in Krasnoyarsk Kray and a number of other regions.

The rural areas are not being shaken by natural disasters alone. Political storms are no less of a factor. The peasants, whose economic position has been deteriorating with every passing day, are beginning to defend their rights and interests in an organized manner. As is known, they held yet another event, Peasant Protest Day, on 15 September. They held it quite impressively. Even in Moscow more than 4,000 people gathered in front of the building of the Russian Federation Government. Many oblasts and krays dispatched delegations.

Unfortunately the voice of the peasants was not heeded this time, either. Then it was announced that in order to achieve the goals set, working people from the fields and farms may resort to harsher measures—strikes, blockading transportation thoroughfares, and withholding deliveries of farm produce. Of course, criticism of the Government of Russia and demands that it resign were not lacking, either.

Hardly anyone is in a position to accurately predict the future course of events. However, it is hopeful that the authorities are beginning to show flexibility. According

to information received at the Coordinating Council for Collective Action by the Working People of the Agro-Industrial Complex of Russia, it is possible that its leaders will meet with President of the Russian Federation B. Yeltsin within days.

So, it turns out that the voice of the peasants has been heard. We will see what specific steps follow. It may be that some of the blows at the rural areas will be successfully deflected, at any rate, economic blows.

Preparations for Day of Protest

934A0081D Moscow SELSKAYA ZHIZN in Russian
13 Oct 92 p 1

[Article by Konstantin Shcheglov: "Reforms Should Accommodate the Needs of the Working People!"]

[Text] The peasants of Russia will take part in the All-Russian Trade Union Protest Demonstration, which has been scheduled for 14 October. Such was the decision of the Coordinating Council of Employees of the Agro-Industrial Complex.

Russian trade unions belonging to the FITUR [Federation of the Independent Trade Unions of Russia] believe that it is possible to support the policy of reforms being implemented, but only if they are resolutely adjusted in the interests of the working people.

Their demands include implementation of a set of measures in the agrarian sector of the economy aimed at making agricultural production profitable, establishment of price parity for the products of rural areas and industrial products, and prevention of bankruptcies of agricultural goods producers.

In a conversation with our commentator, A. Biryukov, cochairman of the Coordinating Council for Collective Action by Working People of the Agro-Industrial Complex, stressed: "What the trade unions are seeking from the authorities is virtually completely in line with the objective the peasants have been fighting to achieve since the beginning of summer, unfortunately, so far in vain. We have exhausted all reconciliation measures envisaged by law: labor arbitration, appeals to the president and the Russian Federation Supreme Soviet and Cabinet of Ministers, picketing. However, to date we have failed to bring the government to the negotiating table. Following Peasant Protest Day, which was held on 15 September, and an appeal by agrarians adopted during that day, the issue of the situation which has emerged in the agro-industrial complex, and with regard to the supply of foodstuffs to the population, was discussed at a meeting of a trilateral reconciliation commission (the Ministry of Agriculture, trade unions, and representatives of labor collectives). The commission appealed yet again to the leadership of the Cabinet of Ministers with a persistent recommendation to consider the demands of the agrarians.

"Meanwhile, calls to strike are being voiced with increasing persistence at the local level. While not abandoning its hope to find common ground with the government, the Coordinating Council is doing everything possible to prevent extreme measures—such as failure to make product deliveries to the cities and blockades of roads.

"On 24 October, the day of the All-Russian Trade Union Demonstration, the labor collectives of the agro-industrial complex will try once again to invite the attention of the Cabinet of Ministers to the catastrophic situation in the agricultural sector of Russia. If it fails to lend its ear to the peasants' demands, the collectives intend to resort to strike-oriented forms of struggle, and to plainly raise the issue of recalling the current government and forming a coalition government of popular confidence."

Law on Russian Federation Monetary System

Text of Law

935D0039A Moscow ROSSIYSKAYA GAZETA
in Russian 21 Oct 92 p 5

["Law of the Russian Federation 'On the Monetary System of the Russian Federation'"]

[Text]

Chapter I. General Provisions

Article 1. This law establishes the legal foundations for a monetary system of the Russian Federation and its functioning.

Article 2. The monetary system consists of an official monetary unit, a procedure for emission of cash, and organization and regulation of monetary circulation.

Article 3. The official monetary unit (currency) of the Russian Federation is the ruble. One ruble consists of 100 kopeks.

The introduction on the territory of the Russian Federation of other monetary units and the issuance of monetary surrogates is prohibited.

Article 4. No official correlation between the ruble and gold or other precious metals is established.

The official rate of exchange of the ruble to monetary units of other states is determined and published weekly by the Central Bank of the Russian Federation (Bank of Russia).

Article 5. Persons convicted of violating the requirements of this Law bear criminal, administrative, or property liability in accordance with legislation of the Russian Federation.

Chapter II. Emission of Cash

Article 6. Emission of cash, organization of its circulation, and its removal from circulation on the territory of the Russian Federation is performed exclusively by the Bank of Russia.

Article 7. Cash is issued into circulation in the form of bank notes (paper money) and metal coins.

Bank notes and coins are unconditional obligations of the Bank of Russia and are backed by all of its assets.

Article 8. The appearances for bank notes and coins are approved by the Bank of Russia in coordination with the Russian Federation Supreme Soviet Presidium.

Information on the issuance into circulation of bank notes and coins with a new appearance as well as their description are published by the Bank of Russia in the mass media.

Article 9. Bank notes and coins issued into circulation by the Bank of Russia must be accepted at their face value across the entire territory of the Russian Federation for all types of payments as well as for crediting to accounts and deposit and for letters of credit and remittance.

Article 10. Counterfeiting and illegal preparation of bank notes and coins is punishable by law.

Article 11. Responsibility for the breakdown by denomination of cash in circulation necessary for uninterrupted performance of settlements with cash on the territory of the Russian Federation is entrusted to the Bank of Russia.

Chapter III. Settlements

Article 12. Settlements on the territory of the Russian Federation are performed in currency of the Russian Federation, with the exception of instances stipulated by legislative acts of the Russian Federation.

The procedure and conditions for settlements in foreign currency on the territory of the Russian Federation are defined by the Bank of Russia in accordance with legislation of the Russian Federation.

Payments on the territory of the Russian Federation are performed in the form of cash or noncash settlements.

Article 13. The forms of noncash settlements are determined by rules established by the Bank of Russia in accordance with legislative acts of the Russian Federation. The appearance of negotiable instruments used for non-cash settlements on the territory of the Russian Federation—payment orders, bills of exchange, checks, etc.—are approved by the Bank of Russia.

Article 14. Settlements between corporate persons as well as between individuals and corporate persons with regard to payments whose sum exceeds amounts established by the government of Russia are performed only according to noncash procedure.

Chapter IV. Organization and Regulation of Monetary Circulation**Article 15. To the Bank of Russia is entrusted:**

- planning of volumes of production, transportation, and storage of bank notes and coins and the creation of reserve funds of them;
- establishment of rules for storage, transportation, and performance of transactions with cash;
- establishment of features of the soundness of bank notes and a procedure for replacing damaged bank notes and coins as well as destroying them.
- determination of a procedure for conducting cashier operations in the Russian Federation.

Article 16. Regulation of monetary circulation in the Russian Federation is performed in accordance with existing banking legislation and the Basic Trends of Monetary and Credit Policy of the Russian Federation.

[Signed] *B. Yeltsin, president of the Russian Federation*
Moscow, House of Soviets of Russia
25 September 1992
No. 3537-1

Decree on Law's Implementation

935D0039B Moscow ROSSIYSKAYA GAZETA
in Russian 21 Oct 92 p 5

["Decree of the Russian Federation Supreme Soviet: On Implementation of the Russian Federation Law 'On the Monetary System of the Russian Federation'"]

[Text] The Russian Federation Supreme Soviet decrees:

1. To implement the Russian Federation Law "On the Monetary System of the Russian Federation" beginning 1 July 1992.
2. Bank notes of the State Bank of the USSR, state treasury notes of the USSR, and coins issued in 1961-1991 and presently in circulation are subject to obligatory acceptance at their nominal value across the entire territory of the Russian Federation for all types of payments as well as for crediting to accounts and deposits and for letters of credit and remittance.
3. For the government of the Russian Federation and the Central Bank of the Russian Federation to adopt measures for the broad introduction into the system of payment transactions of noncash settlements to provide for a reduction in the need for cash, as well as for improvement of cash transactions of trade receipts.
4. Pending the introduction of legislation of the Russian Federation in accordance with the Russian Federation Law "On the Monetary System of the Russian Federation," previously published legislation is to be applied insofar as it does not contradict the aforementioned Law.

5. For the Central Bank of the Russian Federation and the government of the Russian Federation to submit according to established procedure proposals on the introduction of amendments and additions to legislative acts of the Russian Federation in conjunction with the adoption of the Russian Federation Law "On the Monetary System of the Russian Federation" and to bring their decisions into correspondence with the aforementioned Law.

[Signed] *R.I. Khasbulatov, chairman of the Russian Federation Supreme Soviet*
Moscow, House of Soviets of Russia
18 June 1992
No. 3081-1

Decree on Re-examination of Monetary Law

935D0039C Moscow ROSSIYSKAYA GAZETA
in Russian 21 Oct 92 p 5

["Decree of the Russian Federation Supreme Soviet: On Re-examination of the Russian Federation Law 'On the Monetary System of the Russian Federation'"]

[Text] Having examined the Russian Federation Law "On the Monetary System of the Russian Federation" that was sent back by the president of the Russian Federation, the Russian Federation Supreme Soviet decrees:

1. To adopt the Russian Federation Law "On the Monetary System of the Russian Federation" in the wording adopted by the Russian Federation Supreme Soviet on 25 September 1992 taking into account the changes of the president of the Russian Federation.
2. In an amendment to Point 1 of the Russian Federation Supreme Soviet decree dated 18 June 1992 entitled "On the Implementation of the Russian Federation Law 'On the Monetary System of the Russian Federation,'" to establish that the aforementioned Law goes into effect at the time of its publication.

[Signed] *R.I. Khasbulatov, chairman of the Russian Federation Supreme Soviet*
Moscow, House of Soviets of Russia
25 September 1992
No. 3538-1

Yeltsin Decree on Moscow Oblast Land, Housing Auctions

934D0037A Moscow ROSSIYSKAYA GAZETA
in Russian 11 Oct 92 p 5

[Text of decree of the president of the Russian Federation, under the rubric "Official Department": "On the Conduct of an Experiment on the Territory of Moscow Oblast in 1992 in the Auction of Land Parcels for Individual Residential Construction"]

[Text] In order to bring additional funds into the budgets of the Congresses of People's Deputies situated on the

territory of Moscow Oblast and to define market conditions for land parcels offered for individual residential construction, I resolve:

1. To pass the proposal of the settlement and rural Congresses of People's Deputies situated on the territory of Ramenskiy Rayon, Moscow Oblast, to conduct an experiment in 1992 in the auction of land parcels for individual residential construction to citizens permanently residing in Moscow and Moscow Oblast and possessing in accordance with effective legislation the right to acquire land as property.

2. To assign the administration of Moscow Oblast to organize the auctions of land parcels for individual residential construction on the territory of the oblast in accordance with the present decree as well as oversight for the auctions.

For these purposes, to instruct the administration of Moscow Oblast to confirm the Resolution on conducting an experiment on the territory of Moscow Oblast in 1992 in the auction of land parcels for individual residential construction to citizens permanently residing in Moscow and Moscow Oblast and possessing in accordance with effective legislation the right to acquire land for individual residential construction as property.

3. The auction affects land parcels designated for individual residential construction and offered according to established procedure by the Congresses of People's Deputies under whose conduct they now fall.

4. The funds received from the auction of land parcels shall go into the budgets of the local Congresses of People's Deputies on whose territories the land parcels sold are located as well as into the budgets of Moscow Oblast and the Russian Federation in the amounts envisaged by point 8 of the Decree of the President of the Russian Federation of 14 June 1992, No. 631, "On approval of the procedure for the sale of land parcels under the privatization of state and municipal enterprises and the expansion and additional construction of these enterprises, as well as those presented to citizens and their associations for entrepreneurial activity." Enumeration and utilization of the indicated funds shall be carried out in accordance with point 5 of the procedure approved by the Decree of the President of the Russian Federation of 14 June 1992, No. 531.

5. The Committee on Land Reform and Land Resources under the Government of the Russian Federation, upon completion of the experiment in the auction of land parcels, shall within one month's time present to the Government of the Russian Federation analytical information on the results of the experiment.

The administration of Moscow Oblast shall provide for the efficient presentation to the Committee on Land Reform and Land Resources under the Government of the Russian Federation of information on the results of each auction.

6. To establish that along with the auction of land parcels for individual residential construction on the territory of Moscow Oblast, the procedure envisaged by the Land Code of the RSFSR for offering land parcels for individual residential construction shall be retained.

7. The present decree shall go into force according to the procedure established by the resolution of the Fifth Russian Congress of People's Deputies of 1 November 1991, "On the Legal Provision of Economic Reform."

[Signed] *President of the Russian Federation B. Yeltsin*
Moscow, the Kremlin
1 October 1992
No. 1151

Oil Industry Status, Plight Viewed

934A0091A Moscow ROSSIYSKAYA GAZETA
in Russian 10 Sep 92 p 1

[Article by Sergey Brusnin and Nikolay Myakinnik:
"Things Are Not a Gusher With Respect to Oil"]

[Text] To begin, let us practice arithmetic. The oil industry workers were supposed to extract more than 420 million tonnes of oil this year; of them, 296 million tonnes were to be sent to enterprises in the Russian Federation for refining, 101 million tonnes to other CIS states and 30 million tonnes to exports. Contracts and agreements, including international ones, had been concluded for these amounts. And what happened? Are they coming together?

It is expected that no more than 390 million tonnes will actually be obtained and, yes, it has even been decided to increase the export slice of the total pie twofold—the country desperately needs hard currency. No matter how you twist them, the ends will not meet. Throughout the world, where there is oil there is prosperity; however, we—it is shameful to say—are a great oil power without fuel. What is happening?

While Pakhmutova's songs were glorifying the pioneers for a quarter of a century, the state did a monstrous thing: it maintained an artificially low price for oil—30 rubles a tonne. At the time, the entire world was paying 130-140—not rubles but dollars!

In building its prosperity on oil, the state did not allow the branch to become leaner once and for all, graciously allocating subsidies to the oil and gas extracting associations. However, you will not get very rich on them.

The machine builders, chemical workers, everyone, who should have supplied the oil conveyor with equipment and materials, turned their backs on the oil industry workers! An insolvent customer is equal to the plague.

The shift to market relations did not bring relief to oil industry workers. Now, no one is obeying orders and personal income interests everyone. Those same metallurgists, without whom oil industry workers cannot survive, have so inflated the prices for their products that

their profitability has reached 300 percent. Perhaps someone can afford it—but not the drilling technicians. The oil industry has remained, generally speaking, without support—no equipment, no pipes, no food products, no materials for building roads, and, finally, no money to purchase all this. But what about the investments that the government promised? Yes, such investments exist but they do not even cover extraction capacities. It is necessary to supplement them. Without this, annual losses of 20 percent of the oil extracted are unavoidable. One can ask: What are the Cabinet's official statements about the present economic priorities worth? What about the fact that a leading role is being allocated to the fuel and energy complex?

As a result, the cadres have begun to "fall down" in the industry and the oil industry's worker collectives are coming apart. Drilling operations have begun to curl up—and this, by the way, is the holy of holies. One can disband a drilling crew in a day but a collective, which has been newly established, begins to operate normally essentially only during its fourth year. Also, world creditors do not believe in the oil that is in geological surveyors' briefcases but in the oil that is in boreholes.

However, this is only half a dram of our native oil. The fact is that perestroika also brought hope: but suddenly? Will the reform actually take place suddenly? Will the state suddenly release prices and the branch stop being unprofitable?

Alas, we freed prices for frying-pans, beer, shirts,—rather, we permitted them to inflate as anyone thought fit. The oil industry workers could not be so bold! Holding the approved price for oil on a short lease, the state increased it twice last year—and both times with an enormous disparity between it and the actual increase in prices for everything else. At a time when the majority of goods have become 25-30-fold more expensive, oil has risen only five-sixfold. Today's oil prices in Russia are 60-70 percent lower than its production costs. Thus, the branch has received a very terrible blow from everything, including its remote "stagnant" history. In the opinion of experts, its economic condition has worsened more than twofold.

As the curtain falls, there is another unpleasantness. Since we did not begin the freeing of prices with the basic branches and since our ruble is not convertible, oil itself rushed from Russia. Come to the most remote snow-covered stations of the oil drillers and look at the modest barrack-type hotels—they are chock-full with foreigners. What ill wind has brought them there?

The smell of profit. The commercial firms which have arisen here and there in an enormous quantity as if "attached to" the state—this is the rapidly growing "shadow" participant in the division of the fuel pie. It is already swallowing a big piece. Generally speaking, this slice is frequently not mentioned in the reports. In Tyumen Oblast, for example, they have discovered cases of secret storage of fuel in old pipelines. The Commission for

Financial and Legal Supervision and Combating Corruption, which is attached to the chairman of Russia's government, regularly receives messages concerning the stealing of oil which unexpectedly surfaces in the world.

However, what happens as a result of this? Deliveries of oil to Russia's refineries will be reduced, one expects, to 274.5 million tonnes and Russia's intergovernmental agreements with the CIS countries will not be fulfilled; the latter will receive only 68.8 million tonnes of oil, that is, 70 percent of the planned amount. This will have an especially painful effect on Ukraine and Belarus. There is a return wave like a billiard's "in-off": Russia will receive less motor fuel from these countries. Deliveries of plastics, chemical fibers that are basically used in the production of consumer goods, and many other items will be sharply reduced. As they say, the prospects are not pleasant.

Oil, Gas Joint Venture Computer Center Begins Work

934A0063A Moscow DELOVOY MIR in Russian
18 Sep 92 p 9

[Article by Aleksandr Polikarpov: "Americans Are Processing Our Resources And View This Work As Promising"]

[Text] In Moscow a computer center of the American company "Landmark," which specializes in providing services to oil and gas companies in connection with the processing of data obtained from the geological and geophysical exploitation of deposits, has begun its work.

According to the firm's general director, R. G. Smith, a Moscow resident, the Americans have aroused a desire in Russia to acquaint the local prospectors with modern western experience and the leading technologies in the geological field. Another task—to provide training at the center, under conditions similar to those found in London and Washington, for Russian specialists in the modern methodology for implementing geological plans and interpreting pertinent data.

These factors, although considerable of and by themselves, nevertheless leave a hint of philanthropy and force one to suspect that "Landmark," rather than being an organization of businessmen, is in fact a secret missionary society, since they offer no explanation as to in which areas the Russian companies must collaborate with the Americans or how much money must be invested for this purpose. Indeed, everyone is familiar with the axiom: if there is no demand for the product, there can be no hope for success. Certainly, a firm which controls 60 percent of the world's programmed product in its field will not be ruled by naive individuals. And it was for good reason that they came to Russia. In our opinion, the process of integrating Russia into the international economy provides them with a strong guarantee against failure. Naturally, it demands that we have knowledge of the conventional technical-economic language, without which, for example, it would be impossible to formulate an application for participation in a

particular competition or to engage in serious commercial operations. Here, similar to "Landmark," the international geologists will experience great difficulty owing to the absence of a translator structure. Here, expressed in legal terms, we see the carrying out of terrible conditions in connection with entry into the international market. In other words, the American experiment is greatly reminiscent of a river lock which must not be avoided either by eastern oil and gas companies striving towards the West or by the western ones which are being introduced into the East.

The existence of such a commercial program was confirmed indirectly by one of the center's leaders after comparing it to a bridge between the West and East. Certainly, the selection of an artistic style is a matter of taste. But the essence remains unchanged. One cannot advance over a bridge or through a lock free of charge.

The objection can be raised that bridges can be erected if there is a need—this is not a problem. Yes, if we have in mind a country that is not given to all-encompassing monopolism. In our case, good business can only be realized with open (or concealed) participation by the appropriate state structures through lobbying and providing protection against competitors. Thus it is only proper for the departmental VNII [all-Russian Scientific Research Institute] "Zarubezhgeologiya" (VZG) and Rosgeo to serve as partners for the Americans in accordance with the SP [joint ventures]. The following fact is also understandable now: scientific-technical missionary work is to no avail here. To the contrary, the selection of the SP "Landmark" co-founders demonstrates a business-like practicality and a fine understanding of the problem.

What benefit can the Russian side derive from collaboration, with the obvious exception of the unquestionable laurels for its honored bridge builders? There is a benefit and it becomes understandable when one studies more attentively the mechanism by which it is obtained.

However, we must first recall by what means "Zarubezhgeologiya" lived during the earlier and difficult years of stagnation. It lived mainly by means of credits extended by the Soviet government to friendly and amicably developing countries, for the purpose of searching for promising oil and gas regions and also other minerals. These searches were carried out by Soviet geologists.

But the credits were terminated at the end of the period of stagnation. The VZG, similar to a majority of the scientific institutes, turned to reflecting upon an unpleasant subject: how to survive? Here, one can surmise, somebody was struck by the fortunate idea of re-polarizing operations. For the sake of strictness in reporting, we would note that the term "re-polarization" is completely unacceptable at the institute. However, it is our opinion, developed as a result of analyzing the institute's work over the past two years, that it nonetheless reflects rather accurately the overall trend in the development of "Zarubezhgeologiya."

By way of an example, let us imagine a water mill. A river flows, the mill wheel turns and the miller is satisfied. But the water has entered a new channel. The quick-witted miller finds another flow nearby, he digs a canal, builds a dam and directs a strong stream into a dry river bed. A man-made river differs from the previous one only in the sense that, owing to certain objective circumstances, it is forced to flow through the old channel in the opposite direction. However, this did not confuse the miller to any great degree. Following a small alteration, the wheel of his mill began turning in accordance with the new flow. Once again, the desired grain dust began swirling above the millstones.

A similar situation prevails at "Zarubezhgeologiya." It is of little importance from whence the financial river flows—from the USSR to Africa or from America to the former USSR. Far more important is the need for ensuring that it does not miss the mill.

The fact that the SP "Landmark-Sovgeo" is not the first love of "Zarubezhgeologiya" serves to emphasize that the above is taking place and is providing the institute with considerable material effect. Nor is it the second love. The VZG has already become rather well skilled at erecting east-west bridges. Thus the English "Jebco," for example, is strengthening the financial status of the institute by aiding it in its trading of packets of data on the oil and gas deposits of the former Soviet Union and foreign countries. The Turkish "Ismail Kharun Dekhlavi Isteblishment," in support of the VZG, is searching for, prospecting and developing mineral deposits. The well known "Texaco" is processing geological-geophysical data for a portion of the world that was recently closed to it and which became accessible thanks to the institute.

More could be said regarding the limits for collaboration between the VZG and foreign partners. But in summary there would be but one moral. Only a fruitful idea is today capable of providing our domestic science not only with a level of survival but even a level of well-being.

Siberian Oil, Gas Complex Development Examined

934A0104A Moscow DELOVOY MIR in Russian
3 Oct 92 pp 1, 9

[Interview with Anatoliy Gumenyuk, president of the NIPEK [Eurasian National Oil and Gas Industrial Investment Corporation], by DELOVOY MIR correspondent Aleksandr Spiridonov: "'The Siberian Oil and Gas Complex Is Not Only Able to Avoid Catastrophe,' Anatoliy Gumenyuk Says"]

[Text] The Eurasian National Oil and Gas Industrial Investment Corporation (NIPEK) is unique in at least two features. First of all, in the 9 months of its existence (a period of time remarkable in itself), it has brought 70,000 stockholders together. Taking into account their family members, this means 300,000 persons are vitally interested in the success of the business. There has been nothing similar to this in the entire history of Russia's

development. Secondly, since the first day of its existence, the NIPEK has been defending its viewpoint on development of Russia's gas and oil complex, which differs in principle from the government's line, the views of other commercial structures, and the policy of the Ministry of Fuel and Power Engineering.

Success when there is total opposition to the powers that be—how is this possible today? Our correspondent Aleksandr Spiridonov interviews the corporation's president, Anatoliy Gumenyuk.

[Spiridonov] Anatoliy Stepanovich, your opposition seems strange, even suicidal, to outward appearances. Everyone wants to get a little closer to the authorities now. So who are you opposed to, and why?

[Gumenyuk] Everyone who says that we—the Russian oil and gas complex—cannot survive without the participation and help of the West. Supposedly we should be absolutely dependent on it in prospecting, extracting, and transporting the oil, and even to a certain extent in refining it. Otherwise, they say, it will be the end, a catastrophe, in a very few years.

[Spiridonov] The Westerners are at fault again? The pro-Western lobby which is trying to "sell out" Russia?

[Gumenyuk] Let us ignore this propagandist nonsense. It is not ideology that is at fault here; it has much more to do with results. Sheer personal interest, this is what attributes all the intentions to the West. Personal interest is natural under unnatural conditions, when the rules of the game are being permanently changed and a gain may be only momentary, and when no one can plan even a month ahead, and personal interest, the only embodiment of it that can be realized, has to be snatched now, today. Indeed, this is the dream of a mind which gives rise to monsters. This is what is behind the idea of the domestic oil and gas complex's complete helplessness. Why is this fallacious idea so tenacious? Let us examine it.

Three years ago the country produced 620 million metric tons of oil under the most difficult conditions on earth. And we had everything for this: workers, specialists, supplies... Our scientists had developed the most advanced technologies. They were adopted by the entire world. Even today our potential makes it possible to produce 620 million metric tons as before. During those times we were producing no less than 80 percent of everything we needed, by the way. We were buying some pipe, chemical reagents, and specialized equipment.

[Spiridonov] But the disintegration of the union, and previous economic ties?

[Gumenyuk] There is no disintegration. I repeat, in the business we are discussing, there is no disintegration. There is disintegration in the politicians' minds. In economic operations, in the economy, there is no disintegration.

[Spiridonov] Something is not right here, in my view. Your assertion is too paradoxical. We know, for example, that most of the oilfield equipment has been turned out by Azerbaijan.

[Gumenyuk] And this is what they are doing. And they are prepared to continue this. We only need to come to an agreement on mutually advantageous conditions.

[Spiridonov] But they are saying that this is difficult, and at times impossible.

[Gumenyuk] This is one more myth invented—and not without a selfish motive!—by the politicians and the former so-called economic managers who are engaging in politics. All right, let us assume that we have not reached an agreement with the Azerbaijanis. Moreover, all the former producers—pardon me, this is even ludicrous to speak about—have refused to do business with us. The possibility exists today of quickly organizing production of practically everything we need within the framework of the VPK [military-industrial complex] conversion.

But I want to speak about something else. There has been no plague, or deluge, or any other kind of cataclysm which could have substantially undermined oil and gas production. So what happened? Two destructive factors made their appearance. First of all, the previous mechanism for management—the one which sooner or later led to complete collapse of the sector—was swept away, and a new mechanism was not created at the same time which, by adopting everything that was useful, supported the sector even when it was becoming more difficult to produce at a high level. Let us look at the situation in the example of an association—there are about 40 of them now—which was producing about 70 million metric tons of oil per year not long ago. It had 10,000 wells, let us say. A tight plan was in effect. The general director was receiving his 350 rubles [R] and bonuses for fulfilling the plan. There is no plan now. But there is no R350 in wages, either—they began setting what they themselves wanted. In coordination with the labor collective, of course. The ones who were delivering equipment and material reduced their output and raised prices. It became possible to explain the situation with respect to the wells—they have not given me the equipment, they have not been delivering this or that... And the longer the wells are stopped, the more profitable it is for the association! The managers have less worries, and the wages increase—as coordinated. Generally speaking, our unnatural state has been put into action.

[Spiridonov] But after all, Anatoliy Stepanovich, the equipment is really becoming obsolete and breaking down. And they are really not delivering it.

[Gumenyuk] To outward appearances. But is that the reason for the sharp decline in oil production? Let us look at the heart of the problem. According to official data, over 30 percent of the 138,000 wells are now stopped. But in fact, I think this is 45 percent in all, but that is another matter. But let it stand at 40,000 wells. Are they all idle because of the lack of pumps, cable,

pumping jacks, and Christmas trees? I asked an association chief engineer recently: how many wells are idle? Two thousand, he said. So take the equipment that is suitable for use and recombine it! How many wells that are fully equipped will there be right away? Have you counted them? No, he answered. They added them together. It turned out that a minimum of one-third of the wells can produce oil.

And the excuse for this—there is no equipment or anything here, they say, and neither the prime minister nor the ministers can do anything about this. Under this cover, the second wave of proof of the need for vast assistance from the West is growing stronger and increasing: since we have nothing, authorize us to obtain it from the West.

The government, whose arm has been twisted this way, is beginning to authorize. And a bacchanal unprecedented even for Russia is beginning. They are buying everything they want. At whatever price they want. The transactions are being conducted by persons who are not specialists, to put it mildly. Often everything is shrouded in mystery—under the pretext of keeping a trade secret. And who is winning there—only God knows. However, it is obvious that the seller benefits in any case.

But objectively, according to specialists' data, we lack five to eight items of equipment today. This affects all processes, from production to transportation. In a word, we could buy a little more now than before. The rest involves putting the horizontal relations with producers in order.

[Spiridonov] I recall that two years ago relations were knocked together to put these relations in order, and they later were unified nationally. Only they did not put anything in order, and the relations actually turned out to be political, for the same arm-twisting.

[Gumenyuk] I agree that once again everything turned on politics and the ambitions of those who kept leading the country to the brink of collapse. But this by no means indicates that horizontal ties are impossible in the industry.

Here is an example for you. In the year before last and the beginning of last year, 275 drilling rigs were ordered from "Uralmash." At the end of last year 190 orders remained, then 170, and 70... The plant was on the verge of a shutdown. Production of drilling and oilfield equipment came to a stop at the Uralsk Drilling Equipment Plant of the "Kuybyshevburmash" PO [Production Association], the Groznyy "Krasnyy Molot" Plant, the Nalchik plant, and the Shchigry plant.

And the oil workers say: they are not sending us the equipment.

[Spiridonov] But prices have jumped up sharply, after all?

[Gumenyuk] Then this is the way it should be explained: we are not taking the equipment that was ordered because the prices are too high and because we cannot make use of it under the conditions that have taken

shape. But those who advocate Western purchases give another reason: they are not giving us equipment because it simply is not being turned out here.

I have dozens of examples similar to those cited.

Today the NIPEK can provide dozens of associations with equipment that is in critically short supply.

Yes, the equipment has become expensive. And the oil? Is it really so hard to come to an agreement and adjust the proportions? I am certain it is not. If they want to. Think of it—Azerbaijan was turning out 37 percent of the oilfield equipment we required. What does it do now—sell it to the West?

All right, let us assume what is most ridiculous—arrangements cannot be made with any of the producers who are our close neighbors. But a unique situation has taken shape in Russia today. I am a participant in developing many state programs to develop machine building for the petroleum industry. And before last year it was simply impossible to reorient the most underutilized non-secret enterprise in the military-industrial complex—as much as we tried—to manufacture our product. Even the decisions signed by Ryzhkov were sabotaged under one pretext or another. These years fully convinced us of the insidious and pernicious nature of the system. But now I don't have a day that the VPK plants do not offer their services as producers of oilfield equipment.

Not all of them will be able to do this and not immediately, of course. A considerable amount of money is needed for the conversion. But it is hard to imagine more advantageous and promising financing and investment than reequipment of defense plants for our equipment. I am confident that these plants will be able to turn out equipment that is competitive in the world market in several years.

[Spiridonov] You just said that considerable money is needed for the conversion. Where do we obtain it? From the treasury once again?

[Gumenyuk] Our government must give up 25 to 30 million metric tons of oil. For 1 year. And invest the money earned in the oil and gas components of the conversion—in reequipment and purchasing what we really cannot do without.

Believe me, this is not as much as it may seem. In any event, no less oil is being squandered today, sold by persons without any talent, or even criminally.

[Spiridonov] You suggest that the two most critical problems be solved at one time. But why is nothing happening with this?

[Gumenyuk] Again we are depending on the lack of coordination between the public and the state interest and his majesty, personal interest. More simply stated: there will be no reason to travel abroad then. This is our curse, our disgrace, generally speaking. Incidentally, no one would figure out how much and what was purchased

abroad under the slogan "We desperately need this in order not to reduce oil production." I am confident it will turn out that we have been buying food, clothing, appliances, motor vehicles... The working man should have all this. But then buy a production line and you will have everything. No, we are living one day at a time.

In a word, if management and organization is retained in Russia's oil and gas complex which has us live one day at a time as the norm, even for a short period of time, and personal interest exists for a few individuals, not for everyone who produces oil, as this is done in the world, we can expect a catastrophe. We are being deprived of unique workers, specialists, and employees.

And more. Neither the ministry nor the oil-producing associations are seriously thinking about a sharp cutback in the volume of drilling. According to my estimates, it will reach 40 to 45 percent by the end of the year. Later on, when they come to their senses, everyone will begin running about looking for guilty parties and adopting forced measures which are extreme, and consequently not the best. But the reckoning for "living one day at a time" today will inevitably be oil production's collapse. No one and nothing will help here.

[Spiridonov] So what must be undertaken?

[Gumenyuk] I am convinced that everything still can be put in order. We have practically everything for this, as I have tried to show you: resources, personnel, the traditional and potential producers. We need only to straighten out the system of organization and management of the oil and gas complex without delay. It must meet two main requirements. Firstly, personal incentive to increase oil production with minimal losses and with strict adherence to the best possible technological routine. Secondly, the newly assigned rules of the game, figuratively speaking, should remain unchanged for an extended period of time. For understand me correctly, the general directors of associations are not conducting themselves in the best way today because they are bad persons or managers. They are the cream of the sector, and the pride of the country. They are making correct decisions, but within the framework of the current rules of the game. They need stability and confidence.

[Spiridonov] What kind of role can nonstate structures such as the NIPEK play here?

[Gumenyuk] We are the largest oil and gas corporation in Russia. But the scope of the work in our sector is such that there is enough business for dozens of such corporations. Nevertheless, I am convinced that the state should hold the controlling block of stock in the oil and gas sector. We have already seen and understand what complete economic freedom means for our managers.

[Spiridonov] Let us assume that everything has proceeded as it should: the rules of the game, to which personal interest has been related, have been established for an extended period, and the traditional and conversion producers have been given the green light. I have the

money, and I naturally want to invest it in the superprofitable (they try to convince us!) installations of the petroleum industry, and especially in the West Siberian Oil and Gas Complex. Am I guaranteed the superprofits?

[Gumenyuk] The effectiveness of investments will depend to a large extent on who provides you with assistance, and how. You have to select an installation for investments and partners in developing the deposits. You have to fill out and submit applications and other documentation to obtain licenses to explore and develop the deposits, you have to comply with the TEO [technical and economic substantiation], and you have to prepare plans for development and facilities. Finally, you have to demonstrate to the local administration the advantage of the contract being concluded for use of the minerals and other natural resources.

Who can do all of this? Only a combined group of scientists and specialists of the highest skill who are familiar with all the details of the local situation as well.

Such an association has taken place in our subsidiary company, "NIPEK-GIPRONG." Apart from NIPEK, its founders are the leading planning organizations Tyumen-GIPRONG and GIPROTyumenneftegaz. The company's president is the eminent scientist and specialist Vladimir Petrovich Tsarev.

[Spiridonov] Our author of long standing, who has spoken repeatedly about the problems of the oil and gas complex, by the way. Only I recall that he never was an opponent of Western investments.

[Gumenyuk] What normal person would be opposed! But what kind of investments? After all, numerous SP [joint ventures] have provided nothing so far—except volumes from a criminal case occasionally. And not one serious investor has ever appeared here. So the entire question lies in the acceptability and favorable conditions of a partnership. We are inviting everyone who wants to collaborate with us to join such a partnership. I think the "NIPEK-GIPRONG" will ensure high quality in work with Western investors as well.

Oil Share Issue Expected To Prompt Western Investment

*PM2210132792 Moscow IZVESTIYA in Russian
17 Oct 92 Morning Edition p 1*

[Sergey Leskov report: "Oil Extraction Share Issue Will Start Cautiously"]

[Text] Our newspaper has learned that a Russian presidential decree has been prepared providing for the issue of shares in the oil and oil-refining industries and in petroleum product supply enterprises. Up to the present time the oil industry has stayed outside the privatization process which is proceeding in other spheres. Moreover, even in the fuel and energy complex the oil industry was the last outpost where the state form of ownership held complete sway.

In Russia 25,000 oil wells have now been mothballed, and according to specialists' estimates by December the extraction of oil and gas condensate could drop by 80 million tonnes a year compared with the previous level.

This not only calls into question the further export of oil—our main foreign currency source—but will also create serious difficulties in supplying the domestic consumer with motor fuel and other oil-refining products.

In the midst of severe market turbulence the oil industry stayed loyal to the state form of ownership until the last moment. Even when oil dollars acted as a cushion for the state and increased attention was devoted to the sector, the administrative, planned approach was still leading the sector into a dead end. A. Samusev, Russian deputy minister of fuel and energy, noted that of late the oil-extraction complex has constantly lagged behind other sectors which have rushed into the market. The greater the lag was, the higher the regular administrative price increases for oil products were; the stronger the ripples became, the more painful the blow to the entire economy was.

The need for structural changes and privatization in the oil-extraction industry has become obvious. However, the ministry leaders believe that the sector's great inertia and its priority importance to the state preclude dramatic, radical measures capable of causing imbalance in the economy. For this reason the president's decree envisages that in the first stage the privatization processes will boil down to the issue of shares in oil and oil-refining industry enterprises. The share issue must begin by the end of this year, will be carried out quite cautiously, and will take around three years, although a faster rate will only be welcomed.

According to A. Samusev, in the first stage of privatization the state, wishing to minimize the risk from the structural reorganization, retains the controlling block of shares. To this end the federal trust companies "Rosneft," "Lukoil," and "Yukos" have been founded. One of these companies' most important functions will be to ensure the investment of considerable resources in the modernization and development of the sector, which has fallen into decline. This measure is indeed inevitable at this stage of privatization, because the ownership instinct is still embryonic, and a considerable proportion of profits is channeled into the wages fund or goes on barter transactions to acquire a scarce commodity.

At the same time, given the presence of the necessary conditions, the possibility of transferring some shares located in a trust administration to newly created joint-stock companies is envisaged. Essentially this creates the mechanism for demonopolizing the oil industry with the formation of competing joint-stock companies. It is a fundamentally important feature that one company's scale of activity is limited to 10-15 percent of the total volume of oil extracted and refined in the country.

The Russian president's draft decree was discussed at a recent conference of leaders of the oil-extraction complex. The approving reaction of the "oil generals" to a document which decidedly changes the sector's future is, if not a guarantee of success, at least an important factor

in the program's implementation. The directors even agreed to a 49-percent profits tax norm instead of the current 32 percent.

It is expected that the first consequence of the share issue now under way will be more active investment in the sector by Western firms, which have so far not been ecstatic about cooperating with an impersonal state. As regards prices for oil products, the creation of competing companies should aid the market's stabilization.

Privatization of Airlines Proposed

Airline Officials' Comments

934A0100A Moscow ROSSIYSKIYE VESTI in Russian
20 October 92 p 3

[Report on interview with officials of TsUMVS subsidiary airlines by ITAR-TASS correspondent Yevgeniy Kleshkov: "Aeroflot is Clipping the Wings of Subsidiary Airlines"]

[Text] The tired people spending the night at airports waiting for a flight, the constant fear for the safety of the baggage they have turned in—these and other pictures of air passengers such as these have become commonplace for us. They make many of us indignant, but they are no surprise to most of us. We have just about resigned ourselves to the idea that all this will change only when "the bright future of the market" arrives. However, service for passengers can be changed for the better today if we make use of the opportunities presented by the processes of privatization that have begun in Russia. This was repeatedly stressed in the course of a conversation between ITAR-TASS correspondent Yevgeniy Kleshkov and the managers of subsidiary enterprises of the International Air Services Central Administration of Civil Aviation (TsUMVS), the "Zolotaya Zvezda," "Russkiy Vityaz," and "Rossiyskiye Avalalini" airlines and the "Gruzovoy Aeroport" leased enterprise.

These enterprises, established within the TsUMVS about a year ago with the rights of juridical persons, said "Zolotaya Zvezda" Executive Director Prokopiyy Kuyemzhi, still do not have either their own balance sheet, independent rights to take part in foreign economic activity, or their own fixed capital. They just operate the aircraft which belong to the head organization. "But we have begun operating, and we are continuing to do so, with much greater mobility and flexibility than the cumbersome 'mastodon'—the administrative and commercial structures of Aeroflot as a whole," he explained. "We approach a client freely, without any middlemen, and make arrangements for what depends on us, and we have been able to substantially improve the quality of passenger service. It is natural that at a certain stage we would come into conflict with the administrative structure, and we did. And now the TsUMVS is attempting to do away with its subsidiary companies."

After standing firmly on our feet, Gennadiy Aleksandrov, the executive director of "Russkiy Vityaz," noted, "we came forward with what one would think is a legal requirement—that we be granted the right to dispose of our own incomes, which now go into a 'common pot.' Then a centralized system of distribution, which everyone is familiar with, is begun, and it is impossible to monitor how our assets are spent. As a result, we cannot obtain money even to replace the obsolete engines on our aircraft, and we face the threat of losing Western clients because of these deficiencies. We are not objecting to the deduction of a specific percentage of the profit for the center, of course. But it is undoubtedly much more convenient for the administration to be in charge of all the funds, and it does not want to give up these privileges."

The conflicts were particularly aggravated when normative documents were issued on privatization and the formation of joint-stock companies. The TsUMVS management "unequivocally initiated the policy of so-called shareholding from the top, in which all the subsidiary airlines were to be abolished." But we want to become part of a powerful, unified national airline with our own authorized capital. After all, it is equivalent to suicide for small airlines to go into the international market today, and we cannot stand up to the competition in such a case.

By standing up for our rights, Boris Vorozhbitov, the "Zolotaya Zvezda" director for economics and finance, said, continuing the story, the employees of our enterprises advanced the concept of shareholding "from below," of establishing the "Aeroflot-Russian International Airlines" Commercial Production Association in the form of a voluntary association of joint-stock companies. This provides a number of advantages: it improves the controllability of production and the efficiency with which resources are utilized, and it makes it possible to pursue a policy aimed at self-financing of individual joint-stock companies. This concept has not been adopted. "The TsUMVS leaders continued to insist on shareholding 'from the top,' and they are continuing to do so. Then we pursued another path: we held a meeting where a working commission on privatization and formation of a joint-stock company was organized. It presented the plan we worked out for formation of a joint-stock company for consideration by the Russian Goskomimushchestvo [State Committee for the Disposal of State Property]."

"Our administration naturally did not like such a development of events," Prokopyi Kuyemzhi emphasized. "They simply have not been giving us any work lately. If we conclude a contract, they try to disrupt it without fail—they will not provide the aircraft or the support needed. The situation has come to the point that at the end of September the director of the TsUMVS issued an order which practically abolishes the three subsidiary airlines."

Transport Minister's Remarks

934A0100B Moscow ROSSIYSKIYE VESTI in Russian
20 Oct 92 p 3

[Report on interview with Russian Minister of Transport Vitaliy Yefimov by ITAR-TASS correspondent: "If We Divide Up Sheremetyevo, We Will Reduce Our Competitiveness"]

[Text] "The Russian state's strategic points should not belong to any single person or group of persons. Otherwise, these persons will have the opportunity to dictate their will to the state," Russian Minister of Transport Vitaliy Yefimov told an ITAR-TASS correspondent when asked to express his viewpoint on the problem of turning "Zolotaya Zvezda," "Russkiy Vityaz," and "Rossiyskiye Avialinii" into joint-stock companies.

The largest foreign airlines, such as Air France and Lufthansa, he said, have a unified group of personnel. They may have subsidiary enterprises, but their rights are strictly limited. Under Russian laws, there can be no such subsidiary companies in our country. "If we divide Sheremetyevo up into several parts, we will create internal competition there, we will lose our national image, and we will reduce the competitiveness of our aviation in the world market."

In the minister's words, a recent order by the Russian president directs that a number of factors be taken into account in making joint-stock companies out of enterprises in different sectors of the national economy. "We have defined the features of privatization in the transport complex," he said. "And we have taken world experience into account in the process. Thus, maritime ports or airports throughout the world are not owned by a private individual or a joint-stock company. They are either under federal, municipal, or regional ownership, or a combination of them."

"Let us assume that the collectives under consideration receive more rights than the others, which make up 90 percent of Russia's civil aviation, incidentally," Vitaliy Yefimov explained. "After all, many of them are operating under extremely difficult conditions, after all, flying to Tyumen and serving the Far North. Why should this majority have less benefits? This would not be fair or honest. We agree to follow the path which 'Zolotaya Zvezda,' 'Russkiy Vityaz,' and 'Rossiyskiye Avialinii' are insisting on if they prove that their formation of a joint-stock company 'from below' will benefit not only them, but all of society and each Russian citizen. I am not familiar with their proposals at present, by the way."

The Ministry of Transport has not made a decision with respect to making Sheremetyevo a joint-stock company, the minister stressed. This problem is to be studied for 15 days. "We need to take the state's interests into account first of all here," he added. "We will include both Russian and foreign experts in solving this problem. Sheremetyevo now performs 90 percent of all the work related to aviation's foreign economic activity. And we

cannot permit blunders which will aggravate the situation in making a joint-stock company out of the only aviation enterprise of its kind in Russia. After all, Aeroflot is behind its competitors in its level of service and technical equipment today. We are standing up to the competition only because we act as a united front in the foreign market."

REGIONAL AFFAIRS

Elections in Karachayevo-Cherkessiya Supreme Soviet Imminent

934C0113A Moscow NEZAVISIMAYA GAZETA
in Russian 18 Sep 92 p 3

[Untitled announcement of Karachayevo-Cherkessiya elections]

[Text] **KARACHAYEVO-CHERKESSIYA.** The elections to the Karachayevo-Cherkesskiy Republic Supreme Soviet will be held on 25 October.

New Don Cossack Ataman Elected

934C0092A Moscow ROSSIYSKAYA GAZETA
in Russian 13 Oct 92 p 1

[Unattributed article: "New Ataman Elected"]

[Text] A large council of the Union of Cossacks of the Don Host has ended with the election of a new Cossack ataman.

He is Vasiliy Kaledin, a 55-year-old teacher, historian, and philologist and Cossack of the village of Pokrovskaya, Volgograd Oblast. He will occupy the Novocherkassk ataman's palace, the very one in which, 74 years ago, in February 1918, the first elected ataman of the Don forces after the February Revolution, calvalry General Aleksey Kaledin, shot himself.

'Rehabilitation' Act's Provision on Territories Source of Dissension

934C0092B Moscow ROSSIYSKAYA GAZETA
in Russian 15 Oct 92 p 4

[Article by Doctor of Economics Kaysyn Khubiyev: "Rehabilitation Acts Contains Seeds of New Repressions"]

[Text] That is the conclusion reached by Doctor of Economics Kaysyn Khubiyev after analyzing the situation in Karachay-Cherkessia.

Strangely enough, the Law "On Rehabilitating Repressed Peoples" could become a lever for destabilizing the situation in Karachay-Cherkessia. The law contains a time-bomb of great destructive force.

The law turns out to be significantly broader than was assumed. It rehabilitated not only peoples who were subjected to wholesale deportation on ethnic grounds,

but all repressed ethnic groups, including the Cossacks, during the entire period from 1917 to the present.

There wouldn't be anything wrong with this if the law confined itself to legal, economic, and political rehabilitation. But it also provides for territorial and national-state rehabilitation, with restoration of national-state entities that were abolished during the repressions.

The architects of the law failed to take into account one thing: As history shows, territorial and national-state issues cannot be resolved in an identical fashion for all peoples in a single law.

At the time of deportation, for instance, of the Karachay people, the Karachay Autonomous Oblast existed as a part of Stavropol Kray; the oblast was abolished after the deportation of the Karachay in the fall of 1943. Since the repressed peoples of Karachay-Cherkessia included not just the Karachay, but also the Cossacks, then under the rehabilitation law both groups are able to choose a time interval they find convenient, from 1917 on, and make their claims, including territorial claims. And so it turns out that various movements representing the Cossacks and the Karachay people, on equal legal grounds, are claiming the same territories. And so we now see how a scenario for exacerbated ethnic relations is unfolding "on legal grounds."

Amid this situation, certain leaders of both Cossack public movements and movements of the Karachay people are trying to find advantages in the rehabilitation law with enviable persistence. But they aren't finding any. And then, rejecting legality, they are choosing extremist ways of solving their problems. In this way a very simple conflict scenario is unfolding.

There is another way, one dictated by common sense: The sides could rise above the dubious provisions of even the best laws and sit down at the negotiating table. An example is the dialogue that the chairman of the Confederation of Repressed Peoples, Ismail Aliyev, is holding with leaders of the Cossack movement. But the destructive behavior of certain representatives of Karachay movements and the Cossack movement are impeding fruitful efforts to solve the rehabilitation problem without clashes between the two peoples on disputed territories and borders.

As a result of the division of Karachay, the Karachay people will become residents simultaneously of several republics with disputed borders and territories. Just one or two rayons will be undisputed borders of Karachay. I personally believe that the state division of Karachay will be not an act of rehabilitation, but an instance of new repressions for part of the people. After their return to their homeland in 1957, the Karachay were given back all their former lands, and new lands were set aside for them as well. The population has more than doubled (in comparison with the prewar period) and now lives throughout Karachay-Cherkessia, with compact settlements in new rayons. Can it really be that certain

activists want to subject a people that has only just begin to establish itself to new trials?

Is there an alternative? Yes, there is. After the Karachay-Cherkess Autonomous Oblast was separated from Stavropol Kray and its status was upgraded, an opportunity arose to elect its own legislative body and, through it, to resolve issues of rehabilitating the Cossacks and the Karachay and to protect the rights of all the peoples inhabiting the oblast and of all citizens, regardless of nationality. This path is a reasonable alternative.

But it is not to the liking of those who only pay lip service to rehabilitating the people. For this reason, elections to the Karachay-Cherkess parliament are being torpedoed by both representatives of the Cossack movement and of certain Karachay movements. Despite the fact that they have opposite goals.

There is another argument for those who call for division. If they want to, those who would like to preserve Karachay Autonomous Oblast as part of Stavropol Kray could also use the law as a basis. The law provides for reestablishment of the state of affairs that existed prior to the fall of 1943.

Krasnoyarsk Kray Political Situation Profiled

934C0094A Moscow IZVESTIYA in Russian 4 Sep 92
Morning Edition p 3

[Article by Aleksey Tarasov (Krasnoyarsk Kray): "Northern Partitioning—What It Promises the Residents of Krasnoyarsk Kray and the Arctic"]

[Text] The Federation Treaty and the protocol appended to it, as is well known, satisfied the Siberian regions, which demanded equal rights with ethnic entities. But now half a year has passed, with fireworks in honor of that event, and it has been found that the example of Krasnoyarsk Kray, which fought bravely for this legal parity with high-sounding demarches and ultimata to the center, has turned out for Siberian politicians to be extremely contagious. What transpired on that occasion turned out not to be in Krasnoyarsk's favor.

The Budget Parade

A component part of the kray—the Taymyr (Dolgano-Nenets) Autonomous Okrug—has taken this tactic into its arsenal. And while earlier the Krasnoyarsians tried, with the pretty finery of the Yenisey Republic, to pay attention to the problems of the lack of rights of regional administrative entities, today even Taymyr threatens secession from the kray, thereby putting pressure on Krasnoyarsk to establish a different balance of interests. Strictly speaking it had threatened even earlier, but since the signing of the Federation Treaty a paradoxical situation has prevailed in the kray: within it now are three subjects of federation with different rights—the Taymyr and Evenk Autonomous Okrug and the kray itself. In

this case, the first two subjects, which are hardly independent, have already got separate budgets, but are part of the third. And this inclusion has in no way been settled.

The political weather in Taymyr depends upon all-powerful Norilsk, which, despite its location, is a city not subordinate to an okrug or a kray. However, northern politicians are not talking about separating the autonomous entity from the kray without Norilsk, which to a great extent clarifies the problem. The parade of sovereignties has rolled on to the Arctic in order to keep in the peninsula that part of Norilsk's money that goes into the kray's cash box.

The Norilsk industrial region augments the kray and Russian budgets. In the second half of the year the taxes collected will presumably be about 23 million rubles [R], 11 million of which should go to Moscow. The industrial region itself needs 3.3 million of the remaining 12 million. But the kray soviet naturally has its own opinion on how much to take for Krasnoyarsk and how much to leave for the northerners.

Not everything in the relationships of Norilsk and Krasnoyarsk lends itself to logic. Taxes for Krasnoyarskavtodorog [Krasnoyarsk Highway Administration] for building roads in the kray, for example, are imposed on Norilsk. Is this justified, the northerners ask, if the roads on the peninsula are not paved and there are no preparations to pave them? In brief, the idea of taking the tax deductions into their own cash box is completely explicable. Norilsk authorities have been busy, periodically expressing themselves—they say that the remoteness of the kray center by a thousand kilometers and the severity of social problems allow the city to demand a separate budget. And so now, since Taymyr got a separate budget, the Norilskers have come out for becoming autonomous. In addition to acquiring greater rights, Norilsk, together with the riches of Taymyr lands, will also get an enormous potential for its own economic development.

Problems of administrative division within the industrial rayon have become aggravated today, tangling up still more the knots of northern problems. A third of the area's population live within Norilsk's satellites—Talnakh and Kayerkan. However, the relationships of these cities' authorities with the Norilsk leadership are in the nature of requests, begging, and the complaints of poor relatives to a rich grandpa. The point is that Norilsk has not started to create a rayon soviet, having vested its responsibilities in the city soviet. Talnakh and Kayerkan, for which the status of cities of rayon subordination has been secured, have thus fallen under the jurisdiction of the Norilsk city soviet. It has at its disposal a budget for three cities and, for itself, is in no rush to separate itself from a "suite" with income. The social sphere of Talnakh and Kayerkan have been cheated, and because of this there are constant conflicts of authority of the three cities.

And so the northern soviets are making a number of decisions: Talnakh and Kayerkan have expressed themselves as being in favor of a transfer of the industrial rayon to the Taymyr Autonomous Okrug, wanting for themselves the status of cities of okrug subordination. Norilsk has also come out in favor of joining the autonomous okrug, well, and Taymyr itself has agreed with these decisions.

It is clear that abolition of Norilsk's extraterritoriality will irreversibly involve its entry into the okrug. Krasnoyarsk will permit it provided that Taymyr remains within the kray. V. Novikov, chief of the kray's representational authority, has declared that otherwise the soviet and the administration will object to Norilsk's entry into the autonomous okrug....And it is a clash of wills.

The relationships of Evenkia with the kray are different. Although the potential for this territory is significant and the riches of its underground storehouses (consider at least the extremely promising Sobinskoye gas-condensate field and the Yurobchenskoye oilfield) are vast, there is no economic basis for even polite pressure on the kray center. In its area of 770,000 square kilometers there are only 22,000 people, and not many production facilities have opened up or are preparing to do so. There are no roads of any kind. Almost all foodstuffs and manufactured commodities necessary for supporting life are delivered from the kray.

Meanwhile, many complaints by the autonomous okrug's authorities against the kray's agencies have piled up. V. Sturov—an Evenk, a Russian deputy, and chief of Baykit Rayon's administration—asserts that (and he is completely justified) since financing for the autonomous okrug's budget organizations directly from Moscow began, the kray's attitude toward the Evenki has changed radically. Sturov accuses the "colonizers"—the Kray-severpotrebsoyuz [Northern Kray Union of Consumer Societies]: "Whereas previously merchants brought in at least gasoline and flour, nowadays there is none of this." He accuses Krasnoyarsk bankers: Evenkia's not being paid for 3-5 months was in the nature of things; and he blamed the Krasnoyarskavia concern for the fact that a ticket from Baykit to Krasnoyarsk costs more than one from Krasnoyarsk to Moscow. The list could continue.

This year the Podkamennaya Tunguska river, overflowing its banks, did R130 million worth of damage in Baykit Rayon alone. Moscow, as before, does not believe the tears, and the kray does not consider the Evenki their own—where must they look for money for eliminating the consequences of the flooding? Sturov asserts that Evenkia does not conceive of life cut off from the kray, its bases, and the trunk lines, and he does not understand who is forcing the autonomous okrug toward secession.

The Aborigines—on a Reservation?

Previously the interaction of Krasnoyarsk and Arctic authorities came down to two simple actions: pumping up the northern ruble and providing for the importation

of commodities to the peninsula. Yes, of course, there is still the famous "concern" about the "little peoples." Krasnoyarsk absolutely has not considered the troubles of the northern territories. Right now kray politicians and officials have begun to bustle about: the loss of Taymyr would be an irreparable loss for Krasnoyarsk. They continually go to the north and back, taking off by brigades for negotiations. However, the results still are not great, which is what one can expect—no one in the kray has been engaged in developing a model of the relationships with the kray's ethnic autonomous okrugs, and they have not considered the specific interests of these regions. Krasnoyarsk has been dilatory in its readiness for talks—this assessment was given at Novikov's press conference.

At the last kray soviet session, the northern lobby expressed sharp dissatisfaction with Krasnoyarsk's budget policy. While meeting with deputies from the Arctic regions, this was heard from them: "Once three subjects of the federation coexisted in the kray, and it is necessary to struggle to keep them together. But what did Krasnoyarsk do to implement the Federal Treaty, to preserve the wholeness of the kray?"

By a lack of consideration for both Norilsk Rayon's problems and the new principle of autonomy within Russia's state structure, the Krasnoyarsk establishment itself encouraged Norilsk in some degree to leave for the okrug and the okrug to separate from the kray. But this jolt was of little significance in comparison with that detonator of territorial disputes that was laid for the Arctic and Siberia's north during the epoch of the triumphal procession of Soviet power, when both the borders were being cut and the territories were granted special status artificially and arbitrarily. Incidentally, similar land mines were laid in the north not so long ago.

Thus, for example, SIBIRSKAYA GAZETA told about the "Svetlogorsk dead end." Svetlogorsk settlement, which was founded in 1975 by hydraulic-engineering builders, not far from where Joseph Stalin was exiled, was built on Turukhansk Rayon land but nevertheless turned out to be administratively subordinate to Igarka. Today Turukhan patriots remind us in the local press of "the age-old Turukhan lands that were seized by newcomers." At one time, incidentally, the rayon's borders embraced some Tyumen and Evenki lands. The land allotted to Svetlogorsk was joined to the settlement's borders, and everything that is beyond is foreign. There is no place to graze cattle or to plant potatoes. The neighboring rural soviet sells mushrooms and berries to Svetlogorsk. Unharvested. You pay and pick them, help yourself. "Do the Turukhaners need to create their own armed forces to protect their wealth?" asks the newspaper.

Just what will the residents of the Arctic get (or lose) from the new repartitioning? The example of the Khakasi, who made the first contribution to the disintegration of Krasnoyarsk, indicates how thoroughly that ties with the neighbors will collapse if a boundary is drawn.

Conversion to contractual relationships will make a mess, for example, of the existing system for hauling freight to the North. And still there is one lone possibility that somehow, after they have been isolated, Siberian politicians, in struggling with budgetary squabbles will reweigh the minuses of "separatism." Indeed it is precisely the holes in local budgets that are the cause of many troubles in the North.

Those on the "continent" have the popular opinion that Norilskers live a very free and indulged life, "they carry their pay in money bags or it is delivered on sleighs." But this is not so. Yes, workers of the mining and metallurgical combine get large amounts of pay. And this is justified, in my opinion. Those who budget, although they go to the same stores that the metallurgists do, receive extremely low pay. The northerners have told me that the pay of the combine's janitors is seven-fold the pay of the city's chief prosecutor. Yes, and the chairman of the kray soviet once disclosed that the chief of administration of Norilsk also receives less than the combine's janitor. This is that new form of social stratification—just because of the place of work. Doctors and teachers are leaving en masse for the "continent" not just from Norilsk Rayon but from the Siberian North in general, which is very much worse off for the outcome.

The priority task of the local authorities is survival of the North today, right now. This is objectively more disturbing than the strategic tasks. But nevertheless, what is the "separatists'" basis for the conviction that the Norilsk Combine will prosper forever? Certain specialists of the branch think that if not only NGMK's [Norilsk Mining and Metallurgical Combine's] product but also the raw materials, the energy, and the transport that the combine uses are figured in world prices, its production will be unprofitable.

Nevertheless, it is precisely the NGMK's leadership that should be more interested than others in repartitioning. If Norilsk joins the okrug, the combine will get a monopolist authority in the region. And the advantages, let us say, in regard to polluting the environment. The kray committee on nature conservation still is presenting to NGMK a multimillion bill. But in Norilsk recently they found a way out from the ecological dead end: they decided to form their own committee. The Taymyr committee on nature conservation is directly subordinate to Moscow. The kray's administration protests categorically. The ecologists now declare that their only hope is that world society will be able to stop the planet's chief polluters.

The line of reasoning of policies in both Norilsk and Krasnoyarsk are fairly well coordinated. Apparently, in passing, therefore, both sides have referred to the interests of Taymyr's indigenous peoples. I do not know what the Dolgani and the Nganasani, and the Nenets and the Enets can gain from partitioning; perhaps Norilsk just will be a better guardian of their trading posts and reindeer pastures. It is not excluded. But I know definitely WHAT the age-old native proprietors of the Arctic

can lose from repartitioning. Fifty thousand people are living in the autonomous okrug, 17 percent of whom are indigenous peoples. If Norilsk Rayon joins the okrug, this will be about a fourth of a million people; the northern people will not make up even three percent of the population. What will their frail voices mean? Moreover, Dudinka, more likely, will lose the status of capital of an autonomous okrug, ceding this role to Norilsk.

I talked with G. Zhuravlev and N. Serafimov, deputies from the industrial rayon: "Once we have separated from the kray, we shall be able not only to begin to live normally ourselves, but we shall also repay our debt to the little peoples—we shall create American-type reservations." It will not come about like the Americans'—some experience in building reservations is covered with blood. I would like to think that this is the personal opinion of the deputies. However, there is a plan that is being discussed quite widely in the industrial rayon—the creation of a free Taymyr. The region is not capable of producing commodities, and that means that the SEZ [free economic zone] will be openly specialized in raw materials. This undoubtedly will enable investment to be acquired and the peninsula's industrialization to continue to be pursued urgently. And for Taymyr's scanty population, their native end of the world will then also become the end of their world.

Indeed, what are they today? They still continue to survive the blows of civilization—they get sick, they live in poverty, and they take to drink in their endless and raped land. But then again, you do not talk about their misfortune, to choose their words. I emphasize only that the aborigines, with their way of life and their outdated types of economic activity, are least adaptable to the new times, to the radical shifts in Taymyr. They are threatened with an acceleration of extinction, and nothing else. The intensification of ecological and social problems on the peninsula involves the appearance of ethnic problems—for the impossibility of the northern peoples somehow at least to influence the stream of troubles in the consciousness of the aborigines results from their small numbers and the lack of a home in their native land. Who is guilty?—the question is almost inevitable, given such a turn of events. And, just like it was in secessionist Khakasia, the residents and deputies of various cities have begun to talk about the desirability of their cities seceding from the republic and joining Krasnoyarsk, the other way around, and so in Taymyr today one of the rayons has threatened to leave the autonomous okrug if it leaves the kray....The sameness of the political topics is dispiriting—only the decorations and the content of the concept of the "center" are changed.

The Siberian Mini-CIS

The logic of the appearance of the Norillag [Norilsk prison camp] is well known and is understood. It is not so simple to understand why the city-combine, "the lagcenter [prison-camp center]", as it is often called even now, has endured up to our days, and, judging by everything, will survive even longer. Doctors assert that

the Norilsk zone is not suitable for permanent habitation, and its climate and unstudied natural radiation cause irreversible changes in the human body. Ecologists warn that in the near future this will be a dead region.

It is within the powers of either a country that is extraordinarily rich, which Russia is not, or a slave-owning society to venture such a megalopolis on permafrost. I would like to believe that the latter country has no relationship to ours, but what would we call the gulag principles of construction that benefited the state through the misery of people who are still alive in the godforsaken corners of Russia: when there were not enough zeks [prisoners] they thought up the development of social, cultural, and domestic facilities, and they won over specialists with the residence permit. Today there are an enormous number of pensioners in the "lagcenter."

I do not understand those Moscow journalists who, upon completing a tour about Siberia, ask: is the Russian North needed or not, and they comment with indignation on the ideas of converting to a rotating-tour method of operation. However utopian these plans would appear to be, they must be examined seriously. Because people should not live where they should not live. And aside from this, hospitals and schools in the North are already being closed, structures that had conquered the North are now proving their inability to function under market conditions, and neither the government nor the enterprises are in a position to pay people so much that they will not be deprived of the chance to return to a normal life and to buy themselves a home on the "continent." Moreover, as for the Norilsk zone itself, there is no scientifically substantiated strategy for developing it under the new terms—perhaps it is more suitable not to assimilate the resources of Taymyr but to leave the extraction for tomorrow, when world prices for raw materials will have risen, when we have learned to extract it efficiently? There is no sense in brushing off these questions, however global they may be.

In order to keep the Taymyr from political demarches, a precise program for state protectionism is necessary. It is not worthwhile to rob Norilsk and pretend that the peninsula is similar to, let us say, Stavropol and can enter the market. Neither the various social strata nor the various territories are ready for it. The Krasnoyarsk North is in the first rank.

The separation of Taymyr from the kray has actually already taken place—since their budgets were divided up. Things are unclear only with Norilsk and the juridical formulation of sovereignty. However, the first question decides everything. Having found itself in an ambiguous situation, kray authorities are now offering Taymyr two conditions: a unified budget and legal space (standard enactments of kray bodies of authority should be in effect on the peninsula). If said conditions are not accepted (for the time being they have not been accepted), the kray will have to reconcile itself with the losses that have already taken place.

Thus Krasnoyarsk's position is that of a peculiar Russian-Dolgano-Nenets-Evenk Federation within the kray. The position of the northerners is that of a Siberian mini-CIS with very flexible membership. The talks will enter a decisive phase beginning in the second half of September. Meanwhile, while representatives of the kray administration accuse northern politicians of separatism and playing the ethnic card, the Minor Kray Soviet is acting more wisely, guided by the classical "divide and conquer": to the dissatisfaction of Norilsk and the joy of some of the leadership of Talnakh and Kayerkan, it adopted on first reading a decision on the administrative structure of the industrial rayon (under it, Talnakh and Kayerkan get the rights of rayons in Norilsk, while the status of the cities is preserved). Members of the Minor Kray Soviet are pinning their hopes on signing an agreement with the autonomous entities and then, based on that, taking part in developing the namesake law on Taymyr.

Moscow Homeless Problem Examined

934C0106A Moscow KURANTY in Russian
1 Oct 92 p 5

[Yuriy Skvortsov: "Place Your Hopes on God, Homeless People!"]

[Text] The word "homeless"—the synonym of the word "bomzhi" [literally: of no fixed address], i. e., vagrants, invented by the militia—we try not to use, not even mentally. Because a vagrant—this is a kind of voluntary wanderer on the bottom of life, but a homeless person is a victim of fate and our common existence. It is easier to say: "Place your hopes on God, Homeless People!"

Registered at the Railway Station

How many homeless are there in the capital? According to data of the militia, alas, data for last year, about 10,000, but "with a tendency of swift growth." In the Committee for Social Security and Assistance to Pensioners and Invalids of Moscow, the figure of 30,000 is given. And according to the calculations of the experts of the international association "Physicians Without Frontiers", in Moscow at present 100,000 people are facing the problem of where to spend the night. Yes, who are these present-day vagrants in actual fact, and not in accordance with our conceptions?

Official data on this account also do not exist. The homeless are not registered anywhere, in discussions with officials many refuse to give their names, to report anything "in the way of questionnaire information". And even the militia cannot force them to provide information: These are different times—and the vagrants are now free people in a free country.

Nataliya Vasilyevna Tsibizova—in the Committee for Social Security she is charged with "dealing with the homeless"—believes that they can be divided into three categories. The first category are the classical vagrants,

the voluntary inhabitants of the bottom. They are destitute, they make ends meet through casual earnings. They spend the nights at the railway station. They drink and clash with one another. Many suffer from psychic deviations: They declare that they, normal and healthy people, were forcefully put into psychiatric hospitals, where they were subjected to medical experiments.

The second category are the prisoners who have been set free. Previously they did not return to Moscow if there were no relatives, they drove them beyond the 100-kilometer zone, but now there are no restrictions. Among them are many young people, but they are already invalids. Having spent 3-5 years in prison, they frequently return to being no better off than they were before: The parents have died, the former wife has married, there is no place to live. People embittered, corrupted by the "zone" [compound], they, having proved to be without a roof over their head and without work, quickly remember the old—they begin to take up stealing or something worse.

Finally, the third category are refugees from hot spots in the CIS who are trying to find peace and assistance in Mother Moscow. The Commission for Refugees takes some part of them under its wing: It gives them official refugee status, it finds work for them, and it finds them if only a bunk in a dormitory. But many refugees turn out to be in the capital without the necessary documents—they are "screened" by the commission. These, the screened ones, who did not suspect that during a pogrom one should run not to the airport, but to the housing management committee for information, also settle at railway stations, with children, who, naturally, are not studying anywhere, and with the illusory hope: "At home everything will soon calm down and it will be possible to return."

Having turned up at Paveletskiy Railway Station recently and having mixed with the vagrants as much as possible, I became convinced: The classification made by Nataliya Vasilyevna Tsbizova is accurate. Moreover, it coincides with the "spread" [rasklad] of the Moscow vagrants made by the experts of the International Association "Physicians Without Frontiers". (Why foreign physicians have been interested in our vagrants—this story will begin later).

But now—a conclusion not without interest for every Muscovite. There are few vagrants in the traditional sense in the capital. The majority of the homeless are victims of the for us new political earthquakes or our old bureaucratic procedures. But since neither the one nor the other disaster is subsiding, sooner the opposite, the figure of 100,000 homeless may in the near future dim before a new statistic, which will make the hair of the Moscow authorities, as well as ourselves, stand end.

"I don't know what words to select in order not to offend all these wretches," Tsbizova told me, "but the situation is such: On the one hand, it is necessary to protect the vagrants against the misfortunes that have befallen them,

but, on the other hand, it is necessary to protect the Muscovites against the vagrants, who increase the number of crimes in the city, and, moreover, suffer from serious diseases and may prove to be the sources of epidemics. Thank God, such a threat has thus far not broken out."

At night, at Paveletskiy Railway Station, the people who had agreed to put me in touch with vagrants, warned me: "Don't stand very close to them—at a minimum, you will catch lice."

"And at a maximum?"

"Something more terrible than tuberculosis." But it is not worthwhile to write about this in the newspaper. Muscovites may start to panic, and the vagrants will be turned into real social outcasts."

"Yes, they are already now real social outcasts, they have nothing to lose."

A Swallow By the Name of 'Doss-House'

Two months ago, the newspapers reported a good piece of news: In the capital the first "Overnight Shelter" [Dom nochnogo prebyvaniya] was opened—with 50 beds. In a few days, two more will start to operate—with a capacity of 100 places each.

Oh, are we able to show off to ourselves! The first doss-house turned out to have not 50, but... 12 places. The two other ones not only were not opened "in a few days"—for them premises have not yet been found. What is more, they are not being sought.

The first and only doss-house is located in the outskirts of the city—near the ring road, to get there takes a long time and is difficult: By subway, then almost an hour by trolley bus, and then on foot. To overcome such a path is simply beyond the powers of the invalid vagrants, although it is precisely they who are most in need of the doss-house. The waiting line there forms beginning at 16:00, although the doors do not open until 20:00. What is more, only 12 beds—what is there to talk about?! This is precisely the swallow which does not make a spring.

Meanwhile, good and nice people are working in the doss-house, and the director, Mikhail Grigoryevich Morozov, a physician and epidemiologist, has become a fanatic of the new undertaking and is already making plans for a whole system of municipal guardianship over the homeless. But to whom is Morozov to show these plans, if even the two analogous doss-houses ended in a dirty trick, as they said in olden times.

The head of the Administration for Homes and Boarding Houses, Tsbizova, who, if you recall, has been instructed to concern herself with the vagrants, was told in the State Committee for Property: For doss-houses, select any vacant buildings, even if directly at the three railway stations or at Kurskiy Railway Station, we will not raise objections, only come to an agreement with the

local authorities. But it is exactly with the local authorities that Tsibizova cannot reach an agreement. "Organize a doss-house in our area? Incredible! This means—rabble will gather here at night: Foul language, fighting, knife-fights. They will start to irritate the apartments in the neighboring houses. And the local population will put up resistance and will not allow any doss-house here. There will be demonstrations, meetings, and pickets. No, indeed, spare us!"

This is only one obstacle. And here is the second: No one in Moscow knows what the doss-houses should be like. For example, is a buffet necessary there, or not? Is a library required, or do the vagrants not read anything? In England, they say, even video libraries operate in the doss-houses. The first doss-house they built in accordance with the principle "at random": They set up beds, bedside tables, there is a shower, disinfection of clothing—that's all. But other doss-houses should be organized already on the level of modern civilization. No, they will not be "on the level": Some should study world experience in the organization of such institutions.

But even if dozens of "overnight shelters" are opened in Moscow in the near future, the problem of the homeless in the capital will not be solved. And not because all the same there is no way of providing all the vagrants with a roof. But because a roof and a bed are by far not everything which these unfortunates require in order to cease being unfortunates.

We Are Going Around in a Circle

It is a shame to write these words, but what will you do: The only ones who are now extending medical assistance at the place of their permanent dislocation to Moscow's homeless—a potential source of terrible epidemics—are the foreign doctors from the international humane association "Physicians Without Frontiers". Three times a week at 21:00 their microbus, equipped, like our "Ambulance", leaves for one of the Moscow railway stations, where in the distant chimney corner vagrants are already waiting for them. Long lines form, the examination of the sick at times drag out until 4:00, for the "Physicians Without Frontiers" do not know that one can bark out: "Reception Closed"—and quietly leave for home. The foreigners interrupt examination only in those cases when it is necessary to take a vagrant to a hospital at once. And they take them, having in a preliminary manner washed the sick person in the station shower, which the station first aid post is kind enough to let them use (but it does not make available anything else). And the hospitals of Moscow—oh, miracle!—accept the vagrants, if they were brought by the "physicians without frontiers." No, not out of respect for the foreign colleagues and their unselfish watch of mercy, but because the hospitals receive Western medicines that are in short supply in exchange for their "kindness."

At present a team of "physicians without frontiers" from Belgium is working in Moscow. I would like for you to learn if only the names of these noble people—Ella

Polyanovska and Patricia Kormoss. They are being assisted by some of our physicians, but not "on the network" of the Moscow medical service, but on loan from the same international association.

Ella Polyanovska agreed to take me on one of the night trips to the railway stations. We went to Paveletskiy Station. "Only, please, do not ask the names of our patients, we ourselves never do this. And we do not keep any kind of record of the sick. The vagrants know this and they believe: Under no circumstances will we turn to the militia, we will not harm them."

I will not start to frighten the readers with naturalistic pictures. Although I myself then took a long time regaining my senses, banishing from my visual memory the bleeding cancerous tumor on the face of a quite young vagrant, the ulcer-covered legs of an old man, who already no longer walks—only crawls on the marble station floor, and further—the tear-stained face of the 7-year old boy ("Uncle, why did the doctor not give me an antibiotic, like Svetka? Does it mean that I will die?"), and another—the happy face of the girl rushing to Ella: "Hello, I have returned from the hospital!" Where did she return? Yes, to Paveletskiy Railway Station!

It was already towards morning when the line and the doctors scattered, having removed the blood-stained bandages from the floor, they went out into the empty station square to smoke before getting into their microbus, and Ella suddenly said in despair: "This is how it is three times a week—and everything in a circle. In a closed circle. We bandage, we wipe off, we take to the hospital, but these people again catch diseases—one from the other and because they are surrounded by dirt and there is no place to wash, and also because they live without hope in their soul. Their life is also moving in a closed circle."

"Here we are organizing doss-houses, . . ." I began.

"Moreover, doss-houses here? These people should not go from here into doss-houses, but into a normal human life. Remember, today a woman came up to me, at once with three children? Her name was Vera. Three months ago, her husband drove her out of the house, she has no relatives. She never worked, she sat with the children. And so now she is here, at the railway station. How to find work and see to it that the children are settled, she does not know. She needs assistance, but who will help her? In your country such assistance services do not exist—neither state nor public.

Not long ago, we ran into a terrible case: We opened up a purulent wound in the leg of one vagrant, and maggots were crawling in the wound. And the man looked at them so calmly, so indifferently. Complete indifference to himself, to his fate. A psychologist could rather quickly return to this unfortunate person a thirst for life, and this person, possibly, would leave the railway station forever. But psychological rehabilitation of vagrants is also not conducted by anyone in your country.

In Western Europe, all these assistance services to people who need help operate very successfully. For this reason, the doss-houses there are not so numerous. But there are temporary shelters—you see, the majority of people who in your country become vagrants would simply need to live somewhere for a week or a month in order to find their bearings, to pull themselves together, and again “to enter into the system.”

When will we at last get rid of our Soviet legacy of solving any problem, even one that is not very complex, without fail in the darkness and by touch, in our laziness scorning foreign experience or, what is worse, driving it into the old bed of Procrustes of the same Soviet bureaucracy? Tsibizova also told me: “I believe that the problem of the vagrants must be solved in an integrated manner, by the joint efforts of the social security department, medicine, militia, and psychologists!”

“What prevents this,” I asked.

“We have submitted our proposals to the leadership: An interdepartmental commission for vagrants must be created.”

Is it worthwhile to comment on this? In my opinion, everything is clear. Not a single interdepartmental commission has successfully operated in our country.

Place your hope on God, homeless people! You have no one else to place your hope on today!

Luzhkov Justifies New Moscow Government Weekly Publication

934C0106B Moscow MOSKOVSKAYA PRAVDA
in Russian 24 Sep 92 p 2

[Article by Yuriy Luzhkov, mayor of Moscow, and Mikhail Polyatykin, editor of the weekly: “Why Our Weekly Is Needed”]

The Mayor of Moscow, Yuriy Luzhkov

[Text]

1. To inform Muscovites about our efforts to secure the viability of the city. Short television encounters are clearly inadequate for this purpose. What is more, it is difficult to comprehend the whole spectrum of the life of the capital from the screen, to analyze a difficult situation, to reveal a precise perspective.

2. In Moscow, approximately a million people are employed in enterprises that are within the jurisdiction of the city. Thus, in one way or another more than 3 million inhabitants of the city are involved in the needs of these industries alone. I am convinced that precisely they read the city press with great interest, but the newspapers that are published today give insufficient attention to the needs of the production collectives of the city economy. But who provides us with clothes and shoes, who feeds us, if not the workers of the enterprises of the capital? They must know what we are doing for

them and their families, suggest to us through the newspaper where we have failed to do our job. I promise to take quick measures in regard to serious observations.

3. For the coordination of the activity of the administration of the prefectures, the municipal districts, and the exchange of experience between them. Many new people have joined the authorities in recent years, not all of them are specialists in the sphere of government, and we need practical information about our “neighbors” like we need the air we breathe. As well as we need objective and timely information “from the provinces.”

The weekly sessions of the government usually provide quite a lot of food for thought and the adoption of measures, provide us with additional information, but it is simply not enough for serious analysis, for correct conclusions. The explanations of these decisions in the press, which are given to journalists, are frequently incomplete, and sometimes even incorrect.

The process of the adoption of a governmental decision is very complex, and I would act against my conscience if I started to assert that we take only correct measures. I would like for us to make fewer mistakes. I hope, the publication of the bulletin will be conducive to this.

The Editor of the Weekly, Mikhail Polyatykin

1. In the conception of our bulletin, developed by the editorial board, it is stated: “For the effective and objective reflection of reality in the life of the capital.” It precisely this goal which we will pursue, not complaining about the tightness of the newspaper market in the city, about the natural difficulties of growth. We want to do everything in order for you to read us.

2. For contact with Muscovites, all who love their city and want to see it beautiful and well-groomed. The lack of contact is growing, besides everything else, alone because the inhabitants of the capital not working in the structures under the jurisdiction of the city have dealings with the city authorities, as a rule, on the level of the technician and supervisor, more rarely—the official of the municipal district. We mix with people standing in line and in the overcrowded salons of passenger transport. And for this reason we perceive only the external signs of the activity of the government—cluttered-up streets, shabby houses. Behind these daily pictures of a hateful existence, the efforts to supply the city with food, fuel, and water are not visible. As a result, a certain opinion of the government takes shape.

To love it is not obligatory, but to know what it does and to assess it according to its deserts is necessary.

3. The threads of government, which any government holds in its hands, must not be broken behind the threshold of the office of the premier—this is not government, but a fiction.

The limitlessness of ungovernability in the present conditions is a consequence of the failed system of ideological control in the form of the mass media. A gigantic maelstrom of anti-ideology formed, into which almost all publications were dragged. And spat out were, besides the "former", those which are painful for us, the readers, and shameful for them, the publishers.

To serve as a counterweight to phrase-mongering, untruthfulness, and boorishness that is unprintable, but is being published—in this we see the sense of coming out.

INTERNATIONAL AFFAIRS

Far Easterners Forge Contacts in Tokyo

934C0117A Moscow TRUD in Russian 20 Oct 92 p 3

[Article by TRUD correspondent Sergey Bunin: "The Kurils—Free Economic Zone?: It Is Being Advocated on Our Most Distant Islands"]

[Text] Tokyo—Representatives of the administration and the community of the Russian Far East and the northern and western parts of Japan have met in Tokyo to discuss questions of cultural cooperation.

The scale of the meeting points to the mutual interest in the development of such unofficial contacts at oblast and prefecture level. Participating on the Russian side were 65 persons from the Maritime region and Khabarovsk Kray. Present from Japan were emissaries from 16 of the country's prefectures and representatives of 30 organizations (universities, television companies, banks and trading firms, and sports and cultural organizations) and also members of parliament and the leaders of three ministries—foreign affairs, education, and local government.

The meeting determined the procedure of the future joint work of the coordination councils on both sides—the Russian Regional Council for Cultural Cooperation With Japan and the Japanese Far East Committee, which were formed this year. But what was most important was that the surprise postponement of the president of Russia's visit did not impede the neighboring regions' mutual aspiration to strengthen mutual understanding.

This is what Koji Kakizawa, parliamentary deputy foreign minister of Japan, believes in this connection:

"Just as with China and Korea, we and the Far East are near neighbors. But to this point our opportunities for contacts have been extremely limited. The historic changes in your country have created good prerequisites for putting an end to this abnormal situation. Vladivostok was finally opened in January, and this immediately led to a significant increase in the flow of tourists from Japan. It is clear that the attraction of the population of both countries to one another is invincible. It was to exchange opinions on ways of creating efficient channels of human contacts that we held this meeting.

"It was a pity, of course, that the Russian president's visit was postponed. But I, for example, felt even more keenly here how important it is to know each other better—this will help remove misunderstandings which arise. It is high time Russians and Japanese started living as real friends. And serious efforts on both sides are needed for this."

Vladimir Kuznetsov, head of the administration of Maritime Kray:

"Everything testifies to a growing mutual interest in one another and the readiness of both parties to expand relations. And the cultural sphere is called upon to perform a particular role here, of course. People's contacts and an exchange of cultural values will help us successfully survive the dips in the political and economic situation, very appreciable at times, and overcome suspicion and mutual distrust.

"I had meetings with the leaders of leading factions of Japan's ruling party. All of them had a balanced approach to the territorial problem. And they agreed that it is now essential to make correct use of the interlude which has emerged. I observed on the Japanese side a readiness to reflect and look for alternatives—this is what is most important.

"The territorial question is altogether a problem which exists at the very highest level of policy, as it were. And when it is said that it directly affects, say, economic relations and other forms of cooperation, this is not entirely correct.

"Our main difficulties in trade with the Japanese are caused first and foremost by the constant see-sawing in our legislation connected with foreign investments and taxes and the unpredictability of the political process."

Yuriy Mishuta, lieutenant governor of Sakhalin Oblast:

"Our meetings and contacts helped defuse the tension. I spent a long time in conversation with Mr. Yokomichi, governor of Hokkaido. By the end of the conversation we had concluded that we should be friends, for all that, whatever happens at the top. The Japanese governor suggested: You prepare your program for the development of the Kurils and Sakhalin and try to 'push' it to the top. And we will act on our side. It is important to unite our efforts to influence the government of each country so that they move more emphatically toward cooperation—in the establishment of normal transportation and air traffic between these important areas and Japan and cooperation in the sphere of tourism and oil and gas production.

"We are simply talking as yet. Only the most intrepid Japanese businessmen—to their own detriment, perhaps, and in spite of our muddle and the lack of protection for investments—are proceeding toward actual business. Cautious businessmen believe that now is not the time to be investing money.

"In this connection everyone is interested in the circumstances whereby leasing contracts with a number of foreign firms on the Kurils were concluded. This announcement grated on many people, of course. Although I would like to say that the decision was made independently by the South Kuril authorities—wholly in accordance with the country's laws, incidentally. The local authorities found a correct move for ensuring that people simply survive physically—200 million rubles' worth of coal and food per a leasing contract for a term of 50 years have been delivered.

"The local authorities on these four islands now have so many contacts and business proposals from foreigners that it is hard to grasp that it is not Sakhalin that I am talking about. They include proposals which could produce big profits and render the inhabitants real assistance. So if there are companies which would like to invest in the Kurils in earnest, we would continue to agree to this. I am expecting from our president decisive actions finally untying our hands.

"Of course, we need a peace treaty with the Japanese, no one disputes this. But it would be more sensible for our grandchildren to resolve this problem. And both the president and, particularly, the Foreign Ministry should tell the Japanese this loud and clear—it is time to call a halt to the game of cat and mouse. We are for a united and indivisible Russia.

"If a free economic zone is created on the islands (and a draft decree is on the president's table), this question will be settled of its own accord. More precisely, it will come to be resolved in practice. I do not tire of repeating to Japanese businessmen: You are continually late, and your main mistake is that you are waiting for the Kurils to be given back—but this will not happen. Unless you very quickly separate politics from economics, you will essentially find yourselves out of the action. We are already, as you can see, finding and will continue to find other partners."

As the Issue Was Being Put Together

A decree of President Yeltsin converting all the Kuril Islands into a free economic zone should be expected by the end of October, the newspaper MAINICHI reports. This was declared in Hong Kong by Valentin Fedorov, governor of Sakhalin Oblast, who had gone to take part in an international businessmen's forum.

Foreign investors wishing to invest capital in the development of the Kuril zone will acquire most-favored-partner status—in the form of exemption from taxes and other financial privileges. The utmost encouragement of joint works, in which the share of foreign capital could constitute 100 percent even, is contemplated. According to Fedorov, the leasing to foreign firms of plots of land is not ruled in this connection either. And the 30,000-strong population of the Kurils will finally have its long-desired freedom of economic activity with the right to dispose of local treasury tax

receipts and exercise foreign trade transactions without Moscow's special permission.

That such a decree would stimulate the island economy considerably is attested by the successful experience of Sakhalin—approximately 150 foreign enterprises are already operating on its territory, the governor reported. And the biggest project is the development and opening up of an oil and gas deposit on the Sakhalin shelf with the participation of Japanese, American, and European giants of the sector.

More on Plan for Leasing Part of Kuril Islands

934A0097A Moscow *RABOCHAYA TRIBUNA*
in Russian 16 Oct 92 p 3

[Article by Yuriy Makartsev: "What Is *RABOCHAYA TRIBUNA* Looking for on the South Kuril Island of Iturup?"]

[Text] *RABOCHAYA TRIBUNA*'s editorial office has received telephone calls from the Japanese agency *KYODO TSUSHIN* and the newspaper *TOKYO SHIMBUN*, as well as representatives from several other foreign mass information media. Everyone wants to know: What is *RABOCHAYA TRIBUNA* looking for on the South Kuril island of Iturup?

RABOCHAYA TRIBUNA's intention of asking the Sakhalin authorities to lease us a piece of land on one of the islands of the South Kuril chain was reported in the pages of the newspaper. In the most general form. Our foreign colleagues want to know details. Well, what of that—there is nothing surprising in such curiosity, if we are talking about a topic which has in recent months not left the pages of the world press. Understandably, Russian President B. Yeltsin's canceled visit did not lay down the final line in the public and international polemic on the problem of the South Kurils. We have only, so to speak, its interim steps. What is the sense of them?

On the one hand, the statesmen inclined to a pro-Japanese stance, having assured us that under the watchwords of Russia's new foreign policy—legality and justice—it would be well to give the contested islands up to the jurisdiction of Japan, suffered defeat. But they have not gone into retirement. And, judging from an article by First Deputy Minister of Foreign Affairs G.F. Kunadze, they are absolutely not experiencing a guilt complex for having tripped up the president, and Russia, and all of us. There are several indications that these "surrenderers of Russian territory," these backwards patriots, these latter-day false Dmitriys, are prepared to stand up for their truth and more. It is necessary to explain which truth that is.

The town of Kurilsk on Iturup is not that large—its population is about 5,000—and it is not surprising that, having landed on the island, I found myself as if following in the footsteps of the "propagandistic expedition" of the respected first deputy minister, G.F. Kunadze. I associated with the same people, even sat at

the same table at the after-work sanatorium in Reydovo, from whence the elevated Moscow guest had attempted to turn the citizens to "the Japanese faith." I convey greetings to Grigoriy Fridrikhovich from Iturup in the words of Galina Malevanaya and Yevgeniya Kiverina:

"The supposed fact that the majority of the residents of the Kurils are in favor of the transfer of the islands to Japan is not true. We made that declaration to Kunadze. Only he mixed with a dozen people and came up with his 'statistics'.... He assured us: They will pay you well. The cretins! They were probably well paid themselves, and that is why they came to convince us. You write that down: 'Cretins!'"

I understand, that is an insulting word for those statesmen, who tried to teach the lessons of the "new thinking" and found themselves misunderstood. By the president as well as by the simple people. But tell me, has the idea of distributing Russian lands to foreigners ever united the country? Has it brought historical glory to the metaphysicians of the capitulation philosophy? You still listen, Georgiy Fridrikhovich, to the Kurilians:

"Why do they write in the press that Iturup is four rocks in the ocean? And on television they show only Kuril's trash heaps. Dumps, filth, and disorder—that is our misfortune; but it is no worse than Moscow's. But really, it is such a rich island! How much fish, timber, mineral deposits, and wild plants are here! We did not arrive here yesterday; our children were born here, and we have nowhere to go. However, we really are tired of the ambiguousness of the suggestion, 'We will give up the islands—we will not give them up.'"

Another result of the polemic surrounding the Kurils, possibly, consists in the fact that we can no longer relate to our distant islands as to land forgotten by everyone. Bothering the Japanese and our other neighbors: We do not value those lands very highly. To encourage political hysteria on the topic of "the territorial question," which is useful neither to us Russians nor to the Japanese. It seems that Russian President B. Yeltsin, who promised Sakhalin governor B. Fedorov to issue an edict which will give a push to the social and economic development of the Kuril Islands, also moved toward this idea. Of course, there are not so many resources today in Russia that we can indulge distant territories with large investments. But is it really only in this that the philosophy of breakthrough toward the new reality in the contested region consists?

The precedent of the South Kurils authorities leasing 278 hectares of land on the island of Shikotan to the Hong Kong firm Carlson and Kaplan was viewed as a global sensation. A sensation because the South Kurils, thanks to our pro-Japanese politicians, have turned into the object of international discord, blackmail, and speculation, and of undignified wrangling. And then the pioneer idea of the development of the Russian territories using

modern market mechanisms and international practice could reconcile and unite those not in agreement. Even the Russians and Japanese.

Here I would like to return to the question of the foreign agencies: What exactly does RABOCHAYA TRIBUNA plan to do on the island of Iturup? On what business did I just travel there? Not, of course, with the aim to shine light on the name that G.F. Kunadze had made for himself there. Who is who in the "Kuril conflict" has long been clear. It is simply that RABOCHAYA TRIBUNA's editorial office would also like to help President B. Yeltsin and Governor V. Fedorov, but first of all Russia, which has been placed by her "virtues" in an awkward position before the world community—guilty without guilt. Following the Russian laws, we submitted for the consideration of the Sakhalin authorities a request like this:

To lease to RABOCHAYA TRIBUNA for a period of 99 years territory covering an area of 300-500 hectares for full development of the region of the island of Iturup, at the level of modern achievements in science and engineering, technology, nature use, town planning, etc.

In the event of a positive decision on the question of the leasing of land, the editorial office of RABOCHAYA TRIBUNA will announce an all-Russian and international competition for the best project for the development of the territory, will attract the strength of Russian and foreign specialists and entrepreneurs, and will promote the influx of investments into the development of the infrastructure of Iturup. In the capacity of objects of development on the leased land and in the adjoining bay one might envision the construction of a port for the refueling of freshwater vessels and for a cabotage fleet, providing passenger and freight transportation around the South Kurils, and other aims. The construction of hotels, warehouse modules, fish processing enterprises, spur tracks, and housing. The creation of a capability for putting on the market sausage, meat cakes, and other food products; technologies for the processing of marine products; the development of tourism and recreation bases; and the organization of a commercial bank.

Governor V. Fedorov greeted our proposal with great interest; he approved it, and even asked editor F. Khrustalev to print the text of the request in the Sakhalin newspaper GUBERNSKIYE NOVOSTI. Talks with the mayor of Kurilsk, G. Dolin; with the chairman of the rayon soviet, A. Kucher; and talks with local entrepreneurs, for example, Ye. Chebotarev and Ye. Fadeyev, convinced me that our project is a realistic one. An island of treasures, Iturup and its administration today are feeling an unprecedented commercial boom. True, many "businessmen on the side" are preoccupied with one thing: to pump big money out of the procurement of fish and caviar, and then, goodbye forever. "But the person who risks big," Gennadiy Dolin told me, "will prove to the population of the rayon that he has come to work over the long term, and he himself will not lose out."

In a word, we are awaiting news from Yuzhno-Sakhalinsk and Kurilsk, when the authorities, we hope, will vote in favor of RABOCHAYA TRIBUNA's project. And then we will inform our readers about everything, in detail and without hiding anything.

New Plan for Detecting Illegal Oil Exports

934A0096A Moscow IZVESTIYA in Russian 17 Oct 92
Morning Edition p 8

[Article by Valeriy Reshetnikov: "Russian Security Ministry Wants To Establish a Data Bank on Dishonorable Businessmen"]

[Text] On 15 October the Ministry of Security, the Ministry of Internal Affairs and the State Customs Committee held a joint briefing on the results of a major operation code-named "Tral" ["Sweep"]. Over the course of 3 months counterintelligence, police and customs officials caught people attempting to export Russian raw materials illegally.

Complaining that journalists were not reporting on the work of security organs, Andrey Chernenko, the chief of the Russian Security Ministry's Public Communications Center, expressed the hope that the briefing given this day would be of interest to the press. Between July and September, as a result of operation "Tral" conducted by three departments, export of over 665,000 tonnes of oil and petroleum products, 17,000 tonnes of metal (including 9,400 tonnes of nonferrous and rare-earth metals), 43,900 cubic meters of timber and lumber, and large quantities of ammunition out of the country was averted. The organizers of the briefing estimate that the total amount of recovered state assets is 6.6 billion rubles.

One hundred twenty-six criminal cases have been instituted as of today on the basis of materials collected by counterintelligence, police and customs officials. Hundreds of citizens attempting to export freight requiring an export license were arrested.

The illegal exports flowed mainly into the Baltic countries, which received oil and petroleum products primarily, and the Transcaucasus, which is where weapons and food are usually carried.

The participants of the briefing said that the criminals varied their tactics depending on the measures taken by police organs. The moment roadblocks were laid on the main highways leading to the Baltics, the smugglers began using country roads. And when these routes were blocked, the criminals began exporting the illegal goods on river ships and airplanes. Military airfields were often used for these purposes as well.

Workers of operations organs announced that the absence of agreements on legal assistance between countries that had once been a part of the USSR is not doing the struggle against smugglers any good. The position of some states in this connection appears strange. For

example the Baltic states concluded agreements with Russia on assistance in controlling illegal drug traffic, but they are expressing not even the slightest desire to sign an agreement on joint control of illegal shipments of metals and petroleum products.

Workers of the Russian Ministry of Security reported that they would like to establish a data bank on unscrupulous businessmen. This idea, it was said, was supported by some prominent entrepreneurs with whom security workers recently met.

International Investment Insurance Fund Discussed

934A0096B Moscow NEZAVISIMAYA GAZETA
in Russian 13 Oct 92 p 4

[Article by Ivan Zasurskiy: "When Will an International Investment Insurance Fund Be Established? When the Government Is Able To Get Around to It"]

[Text] The policy on attracting foreign investments is to be discussed by the government in late October. The discussion will probably follow the lines of assessing and reassessing the activity of the Foreign Investments Committee under the chairmanship of Leonid Grigoryev. The government agency headed by Valentina Tereshkova and Aleksandr Shokhin will be given instructions on the basis of the example offered by this committee.

It is unknown, however, whether there will be any discussion of the good idea of establishing an International Fund for Insuring Foreign Investments in Russia—an idea that is included in the program for deepening the economic reforms (a paragraph is devoted to it in the July 300-page variant, in the section titled "Foreign Loans and Investments").

Specifically, the idea of establishing such an organization is not at the level of the latest theoretical ideas of the government. The conception of such a fund and its structure had been studied earlier jointly by Leonid Grigoryev's committee and a presidential group of experts.

The basic idea of the fund is to underwrite the political risk of investments (which is the most important in Russia's case). Insurance can be taken out against economic risk in the usual way with Russian insurance companies abroad; but political risk cannot be underwritten within Russia at least for this reason: Were a force majeure to occur, there would be no guarantee of payment on losses of investors. The fund will manage certain state and other assets, and it will be registered abroad, where the principal assets should be located. Assets for the fund may include interstate loans, including through the IMF. It became known from unofficial sources that certain negotiations had been conducted with the Bundesbank and the OPIK [not

further identified]. Investment guarantees totaling \$1.8 billion and promised by Japan and other sources may also be used in the fund.

Besides the obvious advantages of state insurance against political risks, establishment of such a fund with Russia's proportionate participation in it might provide the government with a number of economic levers with which to coordinate investment policy. These levers include reduced rates for companies wishing to invest assets into priority sectors. Not only invested capital but also income from it will be ensured (at the level of the profit from risk-free investments abroad).

In Russia, the fund will probably participate in the insurance market as a reinsuring company—that is, it will be able to underwrite risk in the secondary market.

Also fully obvious are the advantages that will be obtained as a result of forming the International Fund for Insuring Foreign Investments in Russia. Among them are the importance of the fund, its weight in the international arena, and its high degree of coordination (incomparably higher than that of presently existing independent organizations). In addition it is anticipated that the fund will have a positive influence on the internal political situation in Russia as well: It will be interested in political stability, since otherwise it would suffer serious losses.

According to documents to which NEZAVISIMAYA GAZETA has access, the conception of the fund's operation has not yet been fully worked out; it is at the level of basic principles. The proposal is to invest the fund's assets in foreign highly liquid securities, and to have the fund managed directly by representatives of all governments and organizations contributing assets to its formation. Most likely the fund will develop recommendations on improving the investment climate in Russia. Moreover the international fund will be a nonprofit, albeit self-supporting, organization.

The insurance mechanism is described in greater detail in the fund's conception:

"Insurance is provided as a rule on the basis of a quota contributed to the fund by the government of the country of origin of the claimant company. The corresponding government has the right to independently determine the priority categories of the investments it insures, ones which will enjoy a competitive advantage. The Russian government can use its quota to establish its own priority spheres of investments, which would then extend to the companies of any country.

"Russian enterprises that have contributed assets to the fund will have an advantage in insuring investments they attract that is proportional to the assets they contribute. Private insurance companies that independently insure foreign investments in Russia enjoy an unquestionable priority.

"After specialists of the fund study submitted projects, a competition is organized among companies whose proposals are found to be made in good faith. In the course of an open or closed auction, the companies reduce their requirements on the proportion of insured capital or income. The total amount of insurance is established within a quota apportioned by the country or sector principle, for the time spanning the competition (for example, quotas may be apportioned monthly, quarterly and so on, with competitions being conducted at the same periodicity).

"Insurance is provided (possibly free of charge) for a certain term (5 years for example) to those companies which had offered the lowest requirements on the proportion of the capital or income they insure. In the case of projects enjoying certain advantages on the basis of the fund's rules, a system of diminishing coefficients relative to the real requirements of the corresponding companies is used when summarizing the results of the competition."

Increased Export of Timber to Finland

92EN0647A Helsinki HELSINGIN SANOMAT
in Finnish 25 Sep 92 p B 11

[Article by Pentti Laitinen: "More Timber for Finland From Russia"]

[Text] *Duty-free treatment in areas close to the border has been promised to support timber movements. The Poyry Office's big forestry plan is advancing into its second phase.*

Russia and Finland have clearly made progress in carrying out the forestry reorganization program with the help of Finns. At a meeting of the two governments' Economic Cooperation Commission on Wednesday [23 September], it was agreed that the general plan would be continued. Considerably more imports of timber to Finland and an increase in forest areas leased for harvesting by Finnish companies are in connection with the forest cooperation program.

At the meeting of the Cooperation Commission chairmen, they agreed on an additional 2 to 3 million cubic meters of timber imports to Finland annually. Imported timber will in the future include both birch fiber and fir. Imports will occupy a special position in trade at the border and in areas near the border. This means that this trade may in future be engaged in duty-free.

During this meeting they intend to agree in detail on how import and export duties are to be applied to other trade sectors between Russia and Finland.

The eastern Finland forest industry is decisively dependent on timber imports because it cannot get enough birch fiber in Finland. Imported timber has also clearly been cheaper than the domestic raw material. Additional imports amounting to 2 million cubic meters annually

would be an increase of about a third of the normal volume of timber imports. Imports were, practically speaking, completely suspended in the aftermath of the disintegration of the Soviet Union, but they have recently been operating at nearly the agreed-on level.

More Areas To Be Leased for Logging

Deputy Prime Minister G.S. Hizha heads the Russian delegation at the meeting of the Cooperation Commission and Trade and Industry Minister Pekka Tuomisto heads the Finnish delegation. I.N. Sankin, the director of the Industry Ministry's Forest Department, heads the Russian section on forest issues. Jarl Kohler, the managing director of the Forest Industry Association, is coordinating forest issues in the Finnish section.

According to managing director Kohler, they plan to expand Finnish companies' right to lease logging areas on the other side of the border, but further negotiations on this will be conducted in Moscow in November headed by Sankin.

The Jaakko Poyry Office has been developing the Russian forest industry reorganization program, the so-called Master Plan, for a couple of years now. The agreement on the study for the program was concluded while President Mikhail Gorbachev was in office, but, when the Soviet Union disintegrated, the Master Plan was adapted to Russian circumstances. During his recent visit to Finland, President Boris Yeltsin placed the program for the exploitation of forest resources high in order of importance.

Since then, Russia has paid bills left in arrears by the Soviet Union amounting to 2 million markkas and Russia has announced at the Economic Commission meeting that it will invest 1 million markkas in the expanded Master Plan program.

Logging Volume in Russia To Be Doubled

The purpose of the forestry program for the western parts of Russia is to increase the amount of timber logged from the current approximately 100,000 cubic meters to twice that much with the help of Finnish know-how. The Poyry plan includes guidelines for the development of Russian forestry, reforestation, logging, shipments, and the forest industry. The area covered by the plan was originally about four times the size of the area logged in Finland. However, its cellulose and paper production is only about half of Finland's production volume.

The implementation of the plans would in practice mean the construction of scores of mechanized forest industry production plants. In addition, pulp and paper mills, repair and shipment systems, and extensive sapling production are needed in the chain of production.

Finnish Have High Hopes for Exports

Of the Finnish firms, primarily Enso and the Tehdaspuu [Factory Wood] Company are dependent on the protection of wood imports. Enso, which needs birch fiber, has also expressed its wish to build a sawmill on the other side of the border. Implementation of the entire plan will in time mean considerable demand for forest industry machines and equipment. Manufacturers of forest machines, Repola and Valmet with their paper machines have been active with respect to this at the Economic Commission meeting.

According to Forest Industry Association managing director Jarl Kohler, it has become evident in Cooperation Commission negotiations that, despite their difficult economic problems, the Russians have the purposeful goal of implementing the forestry program and that they are being promised international credit for it as well.

"The advancement of cooperation in the forest industry is particularly important because the outlook for sales of forest industry products conducted with hard currency looks gray for the future too. Deliveries may fall off next year from even this year's number," Kohler said.

POLITICAL AFFAIRS

Chornovil Fields Questions From Readers

93UN0094A Kiev PRAVDA UKRAINY in Russian
6 Oct 92 pp 1-3

[Responses to readers' questions by V.M. Chornovil, cochairman of Rukh and deputy of the Supreme Soviet of Ukraine, under the heading "A Politician Answers Our Readers' Questions": "A Straightforward and Frank Dialogue"]

[Text] V.M. Chornovil, cochairman of Rukh and deputy of the Supreme Soviet of Ukraine, expressed his willingness to embark on a dialogue with the readers of our newspaper as early as 21 July of this year. At that time we appealed to our readers, requesting that they get directly in touch with him through our newspaper. It was suggested that all kinds of political, economic, or personal questions could be asked, and that views be voiced concerning both the activities of Chornovil himself and those in conjunction with the operation of Rukh.

The readers responded. We received 10 very different letters per week: from voluminous notebooks to questions containing a few lines. When the stream of letters began to dry up, we collated the readers' mailbag, annotated the letters (after all, many of them were similar), and forwarded them to Vyacheslav Maksimovich. Early this fall he did not visit Kiev frequently; he attended to his business as a deputy, and the dialogue was delayed somewhat. However, every cloud has a silver lining: Even readers who sent in their questions in mid-September will get answers.

N.N. Demyanov, Donetsk Oblast, Slavyansk. Would you consent to the newspaper PRAVDA UKRAINY publishing the concepts of the programs of the main parties of Ukraine: Rukh, the Ukrainian Republican Party, the Party of Democratic Revival of Ukraine, and the Socialist Party of Ukraine, so that the people of Ukraine can choose whom to follow?

[Chornovil] Of course, PRAVDA UKRAINY may reprint the program documents of what you consider to be the "main" parties of Ukraine. However, Rukh, which you put at the top of the list, is not a party; it is a sociopolitical movement. A conceptual outline of Rukh activities has been rendered in the mass media. If you still have not chosen "whom to follow," then follow us! Let us build our state together—a state of law, a free, independent, and affluent state.

Akimova, Kiev. What specifically is Rukh doing, except criticizing the government and the president?

[Chornovil] In addition to criticism, Rukh handles pressing issues of the implementation of the concept of Ukrainian independence. As Rukh cochairman, I am also a deputy of the Supreme Soviet; many other members of Rukh are deputies at various levels, or just engage in other efforts, each in his own position. This work is

too specific to have gone unnoticed. Incidentally, about criticism. At present, it amounts to hard work, too. Our criticism is not just criticism for its own sake, but rather is businesslike, constructive, and substantiated opposition. Rukh was among the originators of the struggle for Ukrainian independence. Rukh fights to establish and assert Ukrainian statehood. Rukh is working on its own concept for building the state, which it will publish in November for popular discussion.

V.S. Malaya, Zaporozhe Oblast. What has Rukh specifically done for the good of Ukraine, apart from forums, assemblies, veches, and all kinds of things which are called idleness by the people?

[Chornovil] I do not understand why you believe that holding "forums," and so on is "called idleness by the people." One little rally by a handful of stoic fighters two years ago "contributed" more to the victory over the totalitarian regime than the silence of millions. We change the form of our activities according to the demands of the historical period. Rukh has fought specifically to assert the independence of Ukraine. If you are interested in the political life of the country, you are aware of this.

I. Petrenko, Kiev. What funds does Rukh operate on?

[Chornovil] Rukh operates mainly on donations by its sponsors. Given the imperfection of the laws in effect, we do not have the right to engage in commercial operations; we have neither significant revenues nor the funds needed. Of course, this is unfortunate. Recently, the former communist majority in the parliament voted down in the Supreme Soviet a provision in the law on state assistance to political parties and public organizations, on the initiative of the Socialist Party, the successor of the Communists, which, of course, does not lack for funds.

I. Gayevoy, Donetsk; Ishchenko, Chernovtsy

—What will you do if you fail to be elected president once again, and Rukh fails to get a parliamentary majority?

—You keep saying all the time that former partocrats interfere with your efforts. What will you do with them, as well as others who hold views opposite to yours, if you come to power?

[Chornovil] I will continue working for Ukraine with all the energy I have. I may respond at length to the second question, but I will be brief: Indeed, Communists masquerading in yellow-and-blue interfere with our efforts. However, I do not believe that something needs to be "done" with those who hold different views. The right to one's own views is precisely what genuine freedom is about. It is another matter if these views are detrimental to the security of Ukraine, as far as calls for violence and the dismemberment of the state are concerned. However, this is up to law enforcement organs.

M.A. Inogda, Chernigov. Why is Rukh not pursuing the policy of developing people's power in Ukraine?

[Chornovil] Rukh is pursuing the policy of developing people's power as no one else.

V.I. Donner, Kiev Oblast. Is it possible to build a new, law-abiding, and independent state of Ukraine, given that representatives of old party and bureaucratic structures are at the helm at all levels without exception?

[Chornovil] Yours is a rhetorical question. However, we are building! It is necessary for the "helm" to be in honest hands, which is what we are fighting for.

V.V. Chmil, Berdichev. Why do you insist on repeat elections to the Supreme Soviet of Ukraine?

[Chornovil] The current parliament is a haven for the infamous "group of 239." If these people are not replaced with others, who had nothing to do with the "construction of the bright future," there may not be a future. This is a colonial parliament which was elected in the environment of a one-party dictatorship.

N.V. Ilin, Zhitomir Oblast. Was it possible for the USSR, having preserved the CPSU, to embark on the path of democratic transformations while remaining a union of soviet socialist republics?

[Chornovil] I am no prophet, but I predicted the demise of both the USSR and the CPSU many years ago. Having preserved the CPSU, a tremendous malignant tumor on its body, the USSR could not have advanced along the path of democratic transformations. One cannot start living after one has been buried, which is precisely what happened to the Union. Unfortunately, democracy is not the way of our life at present: The malignant tumor has sent its metastases far and wide. The USSR was not a voluntary association of countries or people. It was a political pen, a "socialist camp," with its own "shepherd," represented by the Communist Party. The way of life in a camp has nothing whatsoever to do with democracy, and history has proven that.

I.S. Nazarko, Rubezhnoye. Rukh refused to take part in the All-Ukraine Congress; in a presentation on radio you viewed the congress as a collusion against Rukh. Does it not seem to you that this is akin to the proverb: The entire company (that is, the Congress) is out of step, but Rukh, headed by Mr. Chornovil, is in step?

[Chornovil] Apparently, you mean the KNDS [Congress of National Democratic Forces]. If so, I viewed its creation as "anti-Rukh." Concerning the issue of who is "in step," there is one thing I may say: It is possible to march both forward and backward. The KNDS united those who march forward "in step" but whose heads are turned backward.

V. Pirogov, Kirovograd Oblast.

1. Why did you change your attitude toward the newspaper PRAVDA UKRAINY? Is it yet another clever move?

2. The Rukh organization disrupts work by demanding that the government resign, and that early elections be held. Our parliament does have its shortcomings, but there are things that do not depend on it. Who will be interested in working if someone "holds an ax" over his head?

[Chornovil] Cunning is not what I am. This is something you are born with. This always leaps out at you which, incidentally, is common knowledge. So far, I have not been called a cunning politician. I have not changed my attitude toward PRAVDA UKRAINY. I had an attitude toward the newspaper the way it was. I have an attitude toward the newspaper which is now changing its identity.

Rukh is not "holding an ax" over the head of the government. At the very least two components are needed for this to happen: the ax and the head. Both are absent.

A.I. Vernakovskiy, Shepetovka, Khmel'nitskiy Oblast. Do the people need Rukh at present? Could it be that V. Chornovil needs it more at present in order to fight someone? Why should he not benefit an independent Ukraine by holding some position?

[Chornovil] The question of whether the people need Rukh should be addressed to the people themselves, that is, 50,000 members and hundreds of thousands of sympathizers. As far as positions are concerned, I am not eager to get one. However, the position of deputy chairman of the Commission for Issues of Glasnost and the Mass Media of the Supreme Soviet of Ukraine is the one for which I draw a salary (I work in Rukh on a volunteer basis).

Yu.M. Bondar, Nikolayev. What is your attitude toward S. Khmara—is he an outlaw or a hero? (Following his visit to Sevastopol, people rushed to vote for the secession of the Crimea).

[Chornovil] I was among the first to state that Khmara's arrest was unlawful, and refused, in protest, to take part in the proceedings of the Supreme Soviet which consented to this arrest. The significance and influence of his visit to the Crimea should not be exaggerated. This is being done deliberately, in order to fuel the anti-Ukrainian sentiment over there.

S.I. Nazarko, Rubezhnoye, Lugansk Oblast. How and to what end was the trip of 400 Cossacks (as reported in the press) to Sevastopol, headed by Mr. Khmara, organized? How much did this "excursion" cost, and who funded it? What was your role in organizing this outing?

[Chornovil] Your questions should be referred to S. Khmara, which I am hereby doing. Neither Rukh nor I personally participated in organizing this trip.

Anonymous, Chernigov Oblast. I despise the CPSU. However, in all fairness, the life of the working people was better under the CPSU. They had a life, and we had a life, whereas now only Kravchuk and his toadies have a life. What is your opinion?

[Chornovil] Consider this an anonymous answer which you received.

G.V. Peshkov, Kherson Oblast. PRAVDA (28 July) carried an article by B. Oleynik "All Rise, the Court Is Forthcoming..." What is your view of this? Could it apply to you, too?

[Chornovil] This article does not apply to me. B. Oleynik demonstrated and displayed yet again that "everything is fluid, everything changes." The attitude of Oleynik toward his friend Mikhail Gorbachev, and to many other people and other things, has changed. Unfortunately, his self-evaluation has remained the same. It is hard for a person to look at himself through someone else's eyes.

O.G. Polishko, Donetsk Oblast. In June I submitted to the city newspaper MAKEYEVSKIY RABOCHIY an article to commemorate the tragic events in Novocherkassk—the shooting of workers in 1962. The newspaper did not accept the article because the former servants of party ideology are holding their own at the newspaper. They are now waiting: Who is going to win? The situation with the press is the same throughout the country, perhaps with the exception of the western oblasts of Ukraine. It turns out that there are no newspapers in Ukraine in which representatives of the opposition or democratic organizations could make statements, whereas the democrats have no money to establish a free and democratic press. What kind of opposition to the president and the government may there be in this case?

[Chornovil] Your view conforms to the truth. The need to eliminate the causes will be understood as the causes are understood. However, some newspapers are still standing firm. Try to contact them.

A.I. Koval, Kiev. I fully agree with the residents of Lvov who believe that Mr. Chornovil "made off to Kiev leaving the problems of the city and the oblast behind," and that "renaming streets and flying flags" is his only credit.

The people are tired, and they wish to live and work in peace. Stop drawing us into intrigues concerning a referendum and the dissolution of the Supreme Soviet! You made a mess, you clean it up. You got all kinds of benefits at the expense of the people, and that is it? So, let others come and begin to get rich? Enough, you politicians, get down to work, gentlemen!...

[Chornovil] I appreciate both your fatigue and ecstatic appeals. It is precisely this fatigue and social depression that those who are to blame for them are counting on. Really, one should not speak on behalf of the entire people. You are not the only one to hold this erroneous view but,

fortunately, not too many people do. Those who have ultimately awakened will not go along with your desire to again become a "working-man" automaton.

Concerning "renaming streets and flying flags..." Flags in Lvov flew when it cost too much in terms of health and freedom. Renaming streets is a historic requirement. Why were you silent when old streets in Kiev were renamed several times over? As far as my transfer to permanent work in the Supreme Soviet is concerned, I was elected chairman of the oblast soviet by its deputies (after the introduction of presidential vicegerents, nothing remains of this power), whereas the people elected me deputy of the Supreme Soviet and sent me to Kiev. I think that one of the causes of the crisis in our Supreme Soviet can be found in the fact that a majority of deputies continue to hold two positions.

I.V. Bondarenko, Androvka, Berdyanskiy Rayon, Zaporozhe Oblast; A. Polishchuk, Zhitomir. What has Rukh done to prevent an economic crisis? How has it helped the Government of Ukraine in this regard?

[Chornovil] It has done nothing to "prevent it" because Rukh was created at a time when the crisis had already been "allowed to occur." However, Rukh is doing everything possible for Ukraine to be able to overcome this crisis. We can help the government in this regard in one way only: "help" it to resign.

N.N. Demyanov, Slavyansk. What is your point of view on Lenin's New Economic Policy (NEP) in 1921 (which the author of these lines knows firsthand rather than from books)?

[Chornovil] Your question requires too extensive an answer. Lenin's policy was erroneous not only in 1921 but also in all the years which are bracketed in black by that name. This was so not only because Lenin made mistakes, but also because many people believed in his infallibility. As far as specifically the NEP is concerned, Lenin, having completely "gone under" with War Communism, considered the NEP merely a temporary retreat, a respite for subsequent struggle for "world revolution."

V.G. Cherepashchuk, Kherson. If you become president, how are you going to fight the mafia of economic functionaries who, during the reign of precisely the authorities they need, and the authorities they cherish and protect, have robbed Ukraine to a no lesser degree than Bolsheviks did in 70 years?

[Chornovil] The economic mafia is spawned by the monopoly of state property. It is necessary to destroy it first, and set in motion competitive arrangements. Later, we may "use our power."

L. Silovskaya, Belaya Tserkov. How will Mr. Chornovil be held accountable for our tears in the great hereafter? Not a single enterprise in our city is operating at capacity, and prices are growing.

[Chornovil] Perhaps you failed to notice through your "tears" that Chornovil was not the one to raise prices, nor was he the one to bring your enterprises to a halt. In the great hereafter, everybody will speak for himself...

Yu.I. Seregin, Sumy Oblast.

1. Machinery is wearing out. There are no spare parts. Stoppages of factories and plants are a possibility. Starvation is beginning to happen. The population deprived of bread and clothing is a beast which will tear to shreds and trample down anything and everything. What is the specific way out of the situation?

2. Do you think that foreign "aid" with an interest charged on it will bring about colonial dependence?

3. Do you think that the demise of the USSR will bring about the United States having totalitarian power over the entire world?

[Chornovil]

1. A specific way out has been repeatedly proposed. By now the Supreme Soviet has confirmed several programs for overcoming the crisis. However, not one of them has been implemented because the government is not interested in market relations which profoundly restrict its power and the opportunity it has to distribute, plan, and assign quotas. New people at the helm are needed.

2. It will bring about dependence if we are going to take out loans and squander them nonsensically to maintain the bureaucracy and the military-industrial complex. Foreign investment in sectors which have potential is needed, new technology is needed. This will pay for itself quickly.

3. No, I do not think so.

V. Shcheritsa, Lugansk Oblast. Do you think that you and like-minded people are leaving Ukraine prostrate before the Americans (Canadians, and so forth)—Ukraine which "has risen from its knees" (as it lived together with Slavic nations)?

[Chornovil] No, I do not think so. See the answer above.

G.A. Makarov, Kiev Oblast. What is awaiting Ukraine if it leaves the CIS?

[Chornovil] An opportunity is awaiting to decide its fate on its own and to prove (if not right away) that we are no worse than other nations of Europe.

M.A. Rozputnyy, Kiev. Why does Ukraine need the Committee for Prices if it does not influence price setting in the so-called market economy? What do you mean when you say that an alternative Cabinet of Ministers should be created?

[Chornovil] But we do not yet have a market economy; it exists only in a manner of speaking. Perhaps this is why this committee exists. An alternative cabinet means one

which is the opposite of the existing cabinet, one that is prepared to implement reforms rather than mark time.

V.N. Morozov, Dnepropetrovsk Oblast. Do you see the danger of the hryvnya, which is to be introduced shortly, ending up in the position of the multiple-use coupon, to which so many hopes for "saturating the market with goods" were attached?

[Chornovil] The hryvnya should be introduced. We are not a state without our own currency. The coupon was introduced improperly; it was doomed because it was not tender in noncash transactions.

Yu.Ye. Berezhnyak, Chervonogrigorovka, Nikopolskiy Rayon, Dnepropetrovsk Oblast. The fundamental principle of socialism, "from each according to his abilities, to each according to his labor," has not been implemented anywhere yet. However, I am convinced that it is the fairest. What do you think?

[Chornovil] How is the price of labor to be established? By decree, as they did in the USSR, when the labor of an unskilled worker was valued higher than the extremely critical work of physicians? From that point of view, a market economy implemented the "fundamental principle of socialism" better than the planned economy of "developed socialism."

Ya.G. Fukstan, Chernigov Oblast. How do you, Mr. Chornovil, imagine leading all of Ukraine without an economic education?

[Chornovil] Any tenth-grader may receive an economic education by subsequently studying for five years at a department of economics. Is this to say that all graduates of these departments are fit to lead Ukraine? Then how did the actor Reagan govern America (and brilliantly at that!)?

T.D. Serzhenko, Kirovograd. Mr. Chornovil, in one of your presentations, you voiced the idea that those who have children should have their retirement benefits canceled. However, what are those whose children are retired to do? (I am one of those).

M.V. Kuzmenko, Lugansk Oblast. Is it true that in one of your presentations you said that, after coming to power, you will first of all cleanse Ukraine of the handicapped and retirees in order not to spend money for them (retirement benefits, health care, and so on)?

[Chornovil] Along with many others, you have been misinformed. I have never stated anything of the sort. I hope that PRAVDA UKRAINY will print my statement concerning retirement benefits.

Anonymous, Dnepropetrovsk Oblast. On what principles is the Ukrainian Cossack community structured? What tasks should it accomplish?

[Chornovil] It is indecent to respond to an anonymous person, all the more so because your question poses no danger at all for you. At the very least, be so bold as to ask your questions.

I. Gayevoy, Donetsk. What is the legal foundation for your status as the hetman of Ukrainian Cossacks? In the old times the hetman was the chief of Cossack troops and supreme ruler. Why does Ukraine need a hetman now? The minister of defense commands the troops. The Supreme Soviet, the president, and the Cabinet of Ministers hold supreme power. Is such autonomy far-fetched? Do the Ukrainian Cossacks, with you as their head, act fairly in condemning their ancestors and renouncing the oath which they, the ancestors, took, and carried with them to their graves?

[Chornovil] The restoration of the Cossack community as an estate of free farmers and patriotic defenders of the Motherland is not anybody's whim, and the strength of the movement confirms this. After all, the rebirth of the state is inconceivable without returning to national traditions and historical roots. As far as the renunciation of the oath is concerned, why cannot the progeny correct this mistake of our ancestors? After all, in the absence of this, history will come to an end!

L. Bondarenko, Vinnitsa. What is your attitude toward the appeal-slogan "Ukraine for Ukrainians?" As I see it, this appeal may bring about bloodshed.

[Chornovil] Indeed, there is no use for this slogan. It may be interpreted as a call to infringe on the rights of non-Ukrainians. Nowhere in the world do ethnically pure territories exist, though this does not run counter to the notions of "indigenous nation" and "nation state."

Ye.N. Vishnyakov, Kirovograd Oblast. How am I, a Russian, supposed to interpret the following provision of the Rukh program: "The exercise of the full extent of national rights by various ethnic groups which populate Ukraine is inseparable from their appreciation for the fact that the Ukrainian nation (not the people, not Ukrainians, but rather the nation—note by the author) should enjoy the status of historic master of the republic?"

[Chornovil] You should interpret it the way it is written. Certainly, the French nation is the historic master of France, although a Russian or a Ukrainian in Paris lives no worse than the French, provided, of course, that homesickness does not get to him.

Pat, Sevastopol. What is an "historic motherland?" My children, grandchildren, and great-grandchildren were born in the Crimea. Personally, I ended up here 47 years ago to take part in the rebuilding of the city of Sevastopol. Do you believe that, to us, the Crimea is an alien land?

[Chornovil] If not for you, then for your children, grandchildren, and great-grandchildren the Crimea is the

motherland, but not the historic motherland. Your historic roots are at the location from which you came to the Crimea.

Monastyrenko, City of Donetsk. Who gave you the right to hold an event, which insults two Slavic nations, involving the repeal of the resolution of the Council of Pereyaslav on the unification of Ukraine with Russia? (After all, this falls within the jurisdiction of the Supreme Soviets of Ukraine and Russia. My fellow servicemen from the regiment and I consider your actions unlawful).

[Chornovil] As a state treaty, the Pereyaslav Treaty had already been voided by the tsars of Moscow by their egregious violations of it. It was ultimately revoked by the Independence Act on 24 August of last year. In Pereyaslav the Cossacks renounced the oath of loyalty to perjurer-tsars which their ancestors gave. Laws have nothing to do with this. Explain this to your fellow servicemen in the regiment.

O. Yavorskaya, Kirovograd. I remember Rukh pushing hard for the trident and the yellow-and-blue flag. You got it, and so what? Now, Mr. Chornovil and the like are vociferating and writing in favor of introducing the Ukrainian language everywhere. What will this accomplish, or change in the lives of the people, or young people who have been left to their own devices because there is no ideology of any kind? (Meanwhile, Mr. Chornovil sent his children abroad, abandoned Lvov himself, as a traitor, and fled to the capital in order to make "an eternal revolutionary" out of himself.)

[Chornovil] Rukh did not seek merely superficial symbols, but profound internal changes, which have not yet occurred. Why were you silent when the language of a people 50 million-strong was brutally expelled from schools, colleges, offices, and Ukrainian cities, and are outraged now, when it is slowly (too slowly) regaining its natural right to serve all spheres of life. Incidentally, is anyone prohibiting you from using the Russian language?

I have already written that I was sent to Kiev by voters, and your information about my children is apparently from the same source as about retirement benefits. My children work and study in Ukraine. Several years ago, we were slandered by communist propaganda and KGB agents. Who do you think "fights" the opposition in this manner at present?

N.N. Demyanov, Slavyansk, Donetsk Oblast; Fadayev, Kharkov Oblast.

1. If you are a "true internationalist," how will you explain the fact that study of the Russian language in general schools of the city of Lvov will be discontinued effective 1 September 1992, whereas they study this language in many countries?

2. To what end was the monument to Nikolay Ivanovich Kuznetsov in the city of Lvov dismantled? What is this—political pluralism?

[Chornovil] I know nothing about Russian schools being closed down in Lvov or any other city in which there are those wishing to study in them. If only such internationalism were also extended to Ukrainians in Russia! The monument to Kuznetsov was transferred from Lvov to his native parts, the Urals. His is not a unidimensional personality. On one hand, he was an heroic intelligence agent; on the other hand, he was a provocateur who caused the mass extermination of the innocent Ukrainian population through planted falsified documents. Much has been written about this.

P.L. Parfenyuk, Novograd-Volynskiy; P.I. Nesterenko, Kamenka, Dneprovskiy Rayon, Zaporozhe Oblast.

1. What is your view of the statement made by People's Deputy S. Khmara in the city of Zaporozhe to the effect that Ukraine should be for Ukrainians only, and if this does not happen he will trade in his deputy credentials for an automatic weapon?

2. What fate awaits millions of Russians, Poles, Jews, Hungarians, Bulgarians, and people of other ethnic backgrounds if the wishes of Ukrainian nationalists come true?

[Chornovil]

1. This is the first time I have heard about such a statement by S. Khmara. I think that it is a fabrication.

2. The same fate that awaited non-Italians after Italian nationalists liberated their country from Austrian oppression. It is high time to stop confusing nationalism with chauvinism, be it Russian, Ukrainian, or any other.

S.G. Bunyak, Cherkassy Oblast. What moral (or other) right does Rukh have to defend participants in various nationalist, anti-Soviet organizations from the period of the Great Patriotic War and promote them as heroes? This question concerns Stepan Bandera, the UPA [Ukrainian Insurrection Army], the OUN [Organization of Ukrainian Nationalists], and so on. How can we forget their heinous crimes?

[Chornovil] Instead of the old Bolshevik literature, read more of the new publications about the national liberation struggle of the Ukrainian people, as well as the massive heinous crimes of the NKVD [People's Commissariat of Internal Affairs], on occasion under the guise of "Bandera's men."

Gordiyenko, Sumy Oblast.

1. How is nationalism different from social-nationalism?

2. What is your attitude toward the Great Patriotic War with the Fascist occupiers? Do you believe it to have been just for the USSR, or not?

3. Can you name the organizers of the murder of General Vatutin, the commander of the Ukrainian Front?

[Chornovil]

1. As different as patriotism is from chauvinism.

2. This was a just war from the moment Germany attacked the USSR. However, it should be remembered who helped Hitler unleash World War II. Please recall the Molotov-Ribbentrop pact and the enthusiastic embrace of the two criminals.

3. Perhaps materials may be found in the archives. I have not studied this issue. I read at one time that Vatutin was killed as a result of an attack by a UPA detachment. I also recently read documents in the press which prove that Vatutin advanced his career by denouncing "enemies of the people" among Soviet generals. Incidentally, this does not rule out his being a talented military commander.

V.Ya. Shevchenko, Kiev Oblast. Why does Mr. Chornovil despise rank-and-file Communists and war veterans who spared no effort to advance and vanquish the enemy, while having a monument erected to Stepan Bandera, on whose instructions thousands of young teachers and physicians, who had been sent to Galicia to help the people, were exterminated?

[Chornovil] I do not know why you think that I despise "rank-and-file Communists" and war veterans. This is yet another propaganda canard. S. Bandera's bust in Ivano-Frankovsk Oblast, next to the house where he was born, and a monument next to the Stry Grammar School, where he studied, were erected by decisions of the local councils rather than on any instructions from "on high."

Ivashchenko, Lugansk. Mr. Chornovil, what is your assessment of actions against Ukrainian and Belarusian partisans by the UPA and the SS Galichina Division?

[Chornovil] I assess this objectively, in light of the facts. I suggest that you read the latest items about Kovpak's raid to the Carpathian Mountains and the murder of Rudnev by NKVD personnel.

N.I. Fomenko, Kirovograd. Mr. Chornovil! One gets the impression that you have set the goal of becoming head of state at any price. Are you sure that the people will acquire complete freedom and material welfare under your guidance?

[Chornovil] Mr. Fomenko! Unfortunately, Bolshevik stereotypes about "the role of personalities in history" linger on in your thinking. I represent a certain political force, an organization which sets the goal of coming to power, alone or in a coalition with other organizations. It is not all that important whom this organization assigns to which position.

L.N. Aranin, Kiev.

1. All your life, you have been fighting the authorities under which you live. What is it—a character trait? Or are you sure that, having obtained the president's seat, you will be able to bring about prosperity and abundance in Ukraine?

2. President Yeltsin believes that one can work with the opposition and even make concessions to it, but only up to a certain limit. A call to topple the constitutional organs of power is such a limit. Do you agree with his position?

[Chornovil]

1. This is not a character trait but rather the result of convictions. After all, much of what I have been fighting for 30 years to secure has already been accomplished.

2. I do.

M.I. Baklanova, Kirovograd; Ye.A. Kulik, Ternopol Oblast. What are you counting on as you strive for power, since you have already shown in Lvov how you perform? You had to urgently go to Kiev, to an organization which does nothing and is responsible for nothing. An attempt to become president likewise failed. I second the text of a banner displayed at a recent picket of the Supreme Soviet: "Mr. Chornovil, you are capable of destruction, not creation. Do not interfere with the work of the government!" I will add on my own: "Do not aggravate the situation!"

[Chornovil] As far as Lvov and Kiev are concerned, I have already responded to this. It is your right to "second" any slogan. So far, I have not been counting specifically on you. Please allow me to rely on others. As far as presidential elections are concerned, do you really believe that getting one-quarter of the vote in a country controlled by the Communist Party nomenclature, and with democratic forces being disjointed to boot, means a loss? You are in grave error!

L.I. Saygak, Zaporozhe. Do you agree with the view that, as a politician, you are not far-sighted, and that you are merely an excellent rebel? (However, the people will follow those who wish to make Ukraine independent, prosperous, and rich, whereas you will usher in terror, revenge, and an abyss.)

[Chornovil] No, I disagree. Please name at least one victim of terror or revenge sought by me. In Lvov, I did not take revenge even on investigators, judges, and prosecutors who trumped up my court cases, though technically there were more than sufficient grounds for this.

A.D. Prokopenko, Khmel'nitskiy Oblast. You say everywhere that you have been arrested, that you have long been a democrat, and that you knew it all ahead of time. It turns out that the rest of the people lived easy all these years and suspected nothing. Is this to say that you are the only clairvoyant individual?

[Chornovil] Let everyone speak for himself. Many have already spoken.

V.K. Chipko. Are you capable of correctly evaluating your potential?

[Chornovil] I am. I would have abandoned politics otherwise.

V.A. Slepko, Ivano-Frankovsk. Do you identify Communism with Fascism?

[Chornovil] They have a lot in common.

V.A. Levchenko, Poltava Oblast. Why do you despise addressing one another as "comrade," and prefer the word "mister?" After all, there is the form of address "esteemed comrades" in Ukrainian.

[Chornovil] I do not despise words. However, the "good" word "comrade" was brought to our society by Bolsheviks from their party usage. How are the forms of address which they attempted to replace worse?

V.F. Klyusovyy, Zhitomir. Do you have a wish to show by your personal example as a farmer, industrialist, or organizer how specific endeavors are to be accomplished? (One cannot provide for himself by politicking).

[Chornovil] I have already shown a lot by my example. I do not think that I should become a farmer, or anything else. Everyone does his own thing.

N. Potapov, Chernigov Oblast.

1. Is it true that Mr. Chornovil sent his son to study in Canada?

[Chornovil] No, it is untrue.

D.M. Lugovets, Chernigov Oblast.

1. Is it true that two of your brothers served in the police, and now reside in Canada?

2. Is it true that you had a three-story mansion built for yourself in downtown Lvov?

I. Petrenko, Kiev. Is it true that you had a mansion built in Lvov, and are now having one built in Kiev? What apartment were you given in Kiev?

[Chornovil] No, it is not true. However, my only brother, who is now dead, did have something to do with the police. The police tried to shoot him during the war, when he was 9, and was "checking out" German cars in the kolkhoz yard with other boys (the Fascists kept the kolkhoz, except that they called it something else).

When I was chairman of the Lvov Oblast Soviet, I turned down the offer to move into a good apartment vacated by people emigrating abroad. Along with dozens of others I took advantage of a resolution of one of the rayon soviets, and remodeled at my own expense a dilapidated outbuilding, on which no major repairs had been done since the time of Polish rule. It is a far cry

from a three-story mansion. However, if you succeed in building such a mansion, I will not envy you and only be happy, provided that this is done honestly, and not at the expense of others. When I became a Supreme Soviet deputy, I refused to sever ties with the city in which I was elected and receive permanent housing in Kiev. For two years I lived in a hotel. Now my wife and I have a two-room official apartment for the duration of my work in the Supreme Soviet. I am not having a mansion built in Kiev—there is no reason to, nor do I have the funds.

Chornovil Previews Rukh Congress Issues

93UN0112A Kiev NARODNA HAZETA in Ukrainian
No 39, Oct 92 p 2

[Interview with V. Chornovil, cochairman of Rukh and people's deputy of Ukraine, by RUKH-PRES correspondent O. Maystrenko; place and date not given: "Rukh Prepares for the Congress"]

[Text] The major council of NRU [Ukrainian People's Movement—Rukh] declared 4-6 December the dates for the scheduled Fourth All-Ukrainian Assembly of Rukh. What is the internal situation of the organization on the eve of the congress? Has the discord in the leadership of Rukh been overcome? Vyacheslav Chornovil, cochairman of Rukh and people's deputy of Ukraine, replies to the questions of a correspondent of RUKH-PRES.

[Chornovil] I personally am satisfied with the situation of the organization. The internal conflicts in the leadership of Rukh, which were especially apparent during the Third Congress of Rukh, are behind us. The attempts to split Rukh from within have failed. Those leaders of Rukh who did not accept Rukh's line, which was worked out at the Third All-Ukrainian assembly, have left the organization. Some of these people even tried to create an organization to act as an alternative to Rukh—the Congress of National-Democratic Forces. The leadership of the Secretariat of Rukh was changed. It turned out that work in the Secretariat was extremely neglected, and now we are setting that matter straight.

[Maystrenko] In what kind of political situation will the Fourth All-Ukrainian Assembly of Rukh take place, and what are the main questions that will be examined at this Rukh congress?

[Chornovil] It is difficult to predict what the political situation will be in more than two months. Probably the economic crisis will have worsened even more, and the solution to it will require more than a single day. With further increases in prices and a decline in the standard of living, outbursts of social discontent are possible. However I expect that there will not be any cataclysms. I am sure that the congress will take place under circumstances of an unstable equilibrium of forces between the former Communist Party nomenklatura which is presently in power, on one hand, and the opposition national-democratic forces on the other. A broad-scale program for creation of the state and reforms that a group of scientists and experts are creating for the

congress—a draft of it was outlined at a session of the Major Council—will be one of the main questions on the agenda of the coming Rukh congress. In addition, I would like to refute some rumors to the effect that this congress is an emergency congress. It is a scheduled congress at which there will also be reports and elections of the leadership of Rukh. Of course, the development of political events may bring other urgent questions to the attention of the congress.

[Maystrenko] The Ukrainian People's Movement has begun a campaign to collect signatures in favor of a referendum for early dismissal of the present membership of the Ukrainian Supreme Soviet and for early parliamentary elections to be held in 1993. How is Rukh's program for creation of the state connected with the campaign for early parliamentary elections?

[Chornovil] There is a direct connection. Recently from our political opponents we have been hearing accusations that Rukh does not have a constructive program. Our political opponents consider Rukh's appeals for a change in the present government and the Supreme Soviet to be harmful and destructive. By proposing for Ukraine our own broad-scale program for creation of the state and reforms, we are refuting these accusations. In addition, this will be a comprehensive program, clearly laid out over time and with clearly indicated measures. During the existence of the Fokin government we have become convinced of its incompetency and its enmity toward reform. This government has hindered the reforms upon whose success the fate of the young Ukrainian state depends. We have also become convinced that the Supreme Soviet has not wanted for a long time to change this government, which has certainly led Ukraine to economic collapse. Thus implementation of the program for the creation of the state and reforms is absolutely impossible without changes in the current government and the Supreme Soviet. The campaign for early parliamentary elections will be a serious test of the maturity and organization of Rukh and the national-democratic forces in general.

Of course in the current situation it is not easy for us to conduct this campaign. The sharp drop in the standard of living has given rise to a mood of apathy and disillusionment in a substantial portion of the population. People no longer believe in sonorous slogans and appeals. Nonetheless, recently conducted public opinion polls testify that today's Supreme Soviet has completely lost the confidence of the voters. In addition, the Law on Referendums adopted by the Supreme Soviet creates so many obstacles on the path to a referendum that one might as well call it an antireferendum law. Of course, it is difficult to collect 3 million signatures in three months. But he who does not fight will not win.

[Maystrenko] Mr. Chornovil, please explain in more detail why Rukh is trying to obtain the dissolution of the present Supreme Soviet.

[Chornovil] The present makeup of the Supreme Soviet of Ukraine absolutely does not reflect the modern distribution of political forces in society. This Supreme Soviet did not reflect the balance of political forces even when it was elected, inasmuch as the elections were held under conditions of a one-party communist dictatorship, election terror, widespread violations, and cheating on the results of the elections. Remember how the candidates of the "Prosvita" Society, the Society of Ukrainian Language, and other democratic organizations were not registered. In the overwhelming majority of electoral districts there were only one-candidate elections. The communist lords simply did not permit the Democratic Bloc, which was weak at that time, to advance its own candidates. In addition, the present Supreme Soviet was elected under conditions of colonial dependence, and the majority of elected deputies until recently were mortal enemies of Ukrainian statehood. And independent Ukrainian state needs a new parliament. It is simply inadmissible to entrust the present Supreme Soviet with adopting a new Constitution of Ukraine. This makeup of the Supreme Soviet is unable to adopt a truly democratic Constitution and correct those defects and anti-democratic provisions included in the draft of the new Constitution proposed by the parliamentary commission. For example, in the draft not all is well with the section on human rights, and the granting of unrestricted power to unelected representatives of the president and the reduction of the powers of the elected soviets is a direct path toward the restoration of a totalitarian regime in Ukraine. In addition, this Supreme Soviet is simply incompetent inasmuch as it is unprofessional. A new Ukraine requires a qualified, professional parliament. At present, out of over 400 deputies in the parliament there are fewer than 200 working in the parliament as their main occupation, in other words professionally. The rest of the deputies combine the position of deputy with other work. They include chairmen of kolkhozes, heads of various directorates, leaders of state enterprises, etc. All this has a very negative effect on the quality of work of the parliament during the preparation and adoption of draft bills.

Politicians Differ on Local Government

93UN0131A Moscow NEZAVISIMAYA GAZETA
in Russian 14 Oct 92 p 3

[Article by Vladimir Skachko: "No End in Sight for Discussions on Administrative Structures: Leonid Kravchuk Approved Statute on Fund for Promoting Establishment and Development of Local Self-Government"]

[Text] The directive from President Leonid Kravchuk on approval of the statute on the Fund for Promoting the Establishment and Development of Local and Regional Self-Government in Ukraine and also the personnel composition of this organization, signed as early as 3 October, was made public at the end of last week. The fund's main tasks were defined as: assisting the aforementioned organs in the development of democratic forms and methods for their work, establishing legal

foundations for this work, and, on the basis of domestic and international experience, developing proposals and recommendations for improving the organization and activity of local self-government organs.

As it performs these tasks the fund must study the concrete work experience of local organs, draw up target programs for their development, study the interaction between local self-government organs and central and local organs of state executive power, contribute to information support for their activity, develop draft laws and normative acts of the president and government regarding the aforementioned problems, organize improvement of qualifications of local management personnel, etc.

This fund is financed through annual budget subsidies, voluntary contributions from certain people, and other financial revenues. The chairman of the new organization will be Doctor of Jurisprudence Igor Butko, a scholar with moderate-liberal leanings, and the fund's board includes workers of organs of power and local self-government at various levels, members of parliament, and scholars representing practically all regions of the republic and colors in its political spectrum.

By signing this document, Leonid Kravchuk as president expressed once again his viewpoint on the future administrative-territorial structure of Ukraine. This viewpoint has been presented and recorded in many public and press statements, and it consists in that Ukraine must be a strong, unitary state with a strong executive power and all necessary conditions for maximum development of local and regional self-government must be provided. Being opposed to restructuring Ukraine according to the federative principle, by signing this directive Leonid Kravchuk obviously intends to put an end to discussions of this subject and to call upon various political forces in the republic to implement his views. But the experience of several recent years which have been marked by the establishment of political pluralism shows that the implementation of this plan is possible only with one condition—a return to a politically and ideologically monolithic Ukraine. For the idea of federalizing the republic appeared practically at the same time as Ukraine's departure from communist unity and the formation of various political parties and schools. At first they were mainly anticommunist, national democratic, and liberal democratic formations and individual politicians who planned to break Ukraine down into maximally controllable federal lands and to seize power in them, thus escaping Kiev's domination. The most consistent bearers of these views personally were Vyacheslav Chornovil, who became the chairman of the Lvov Oblast Soviet of People's Deputies and created the Galician Assembly out of Lvov, Ternopol, and Ivano-Frankov Oblasts, and Kharkov Deputy Volodymyr Hrynyov, who became the speaker of parliament. Both of them retained their "federalist" views practically until the beginning of the last year's presidential campaign, in which they both ran for the main position in the republic. Then Vyacheslav Chornovil recanted his views

and later, after he was already chairman of People's Rukh of Ukraine, he explained why: Federalization of the republic, he said, would only preserve its artificial division into eastern and western parts, and it would also make it impossible for uniform national revival to take place simultaneously in all regions.

Volodymyr Hrynyov continues to profess his views, but for exactly the opposite reason. In his words, being a liberal, he cannot allow violence against the large Rus-sophone and Russian-speaking population, who frankly are a little afraid of forced and accelerated Ukrainian-ization. In this Volodymyr Hrynyov objectively agrees with many separatist movements, for example, in the Donbass and in the south and east of the republic, although he himself declares that he is operating out of good intentions and, incidentally, so far nobody has any reason not to believe him here.

With the victory of the Union of National Democrats and the Sovereign-Communists in the republic political arena, their political opponents, orthodox communists, gradually came over to the idea of federalization. And the idea of a unitarian Ukraine showed its first significant breach precisely because of their actions of 12 February 1991 when the Supreme Soviet of Ukraine by a communist majority of votes, under the guise of restoring the flouted Stalinist regime of legality, restored the autonomous republic of the Crimea. Deputies from the national democratic opposition repeatedly quoted in parliament the declassified documents and minutes of various Communist Party meetings, which showed that the idea of a Republic of the Crimea originated namely in the minds of communist functionaries who dreamed of creating an actual communist preserve on the peninsula. This idea coincided very successfully with the mood of the majority of Crimeans, who supported it in a referendum of 20 January 1991. Today the people of Ukraine are discussing the draft of the republic's new constitution. Recorded in it, in Section 4, "On the Territorial Structure," is practically the same viewpoint held by Leonid Kravchuk and his team concerning a unitary structure of Ukraine based on principles of "unity, indivisibility, inviolability, and integrity of the state territory, comprehensiveness of economic development, and leadership of individual parts, taking state-wide and regional interests into account." Article 106 of the draft says that it is not permitted to sign any political agreements or create any alliances among individual administrative-territorial units in the form of management organs, and only possible kinds are economic, cultural, and other agreements within the framework of their jurisdictions. But already Chapter 107 says that the administrative-territorial units of Ukraine are "the oblast (land), rayon, city, settlement, and village." And it is written in Article 108 that the creation, consolidation, elimination, or change in the borders of these units are possible on the initiative of organs of local and regional self-government, taking into account the opinions of the population learned through a consultative survey. Such territorial changes must be approved by the republic parliament.

And so it was this entry, "the land," and also the granting of the right to change the borders of the administrative-territorial units, in the opinion of many critics of the draft of the constitution, that leaves the "legal" loophole for supporters of the idea of federalism. And they could be any political force, in addition to those already known. And again it would be mainly opposition national-democratic forces if Ukraine were to take the course of authoritarianism. Others who might support a federal Ukraine are socialists, if the process of privatization and destatization were to stand in the way of their realizing their socialist views. Many businessmen could also become federalists, fearing the course taken by Kiev toward increased state regulation of the economy. In order to retain for parliament a leading role in the political life of Ukraine, Chairman of the Supreme Soviet of Ukraine Ivan Plyushch recently spoke out in favor of expanding the role of the local soviets as representative organs of self-government, and he even argued with Leonid Kravchuk about this subject. So it is quite possible that Leonid Kravchuk might still be president of a country consisting not of the customary oblasts but of the federal lands of Galicia, Podolia, Tavrida, Sloboda area, Bukovina, Transcarpathia, and others.

Student Protest Activities Detailed

93UN0130A Moscow KOMSOMOLSKAYA PRAVDA
in Russian 16 Oct 92 p 1

[Article by S. Brilev: "OMON Passed the Test in Students"]

[Text] A regular tent city organized on Independence Square in Kiev by the Union of Ukrainian Students observed the week from the day it was established with a hunger strike by 10 residents and a battle between students and militia at the approaches to Government House. So, the theme and slogans of this moment:

First, the students are demanding the adoption of a new law on elections based on the majority-proportional principle (that is, according to party ballots and districts). At the present time the law is being considered in committees and commissions of the Supreme Soviet of Ukraine. Authorship of the draft, which is being supported by the students, belongs to the Association of Young Politicians and Political Scientists. Second, the students are demanding the dissolution of the present Supreme Soviet and new elections to higher legislative organs of the republic in March 1993. (That the date of the elections has been fixed for "plus or minus a month" is referred to in tent city as a readiness for compromise.) Third, in the words of Konstantin Dudnik (Odessa Polytechnical Institute), the deputy commandant of tent city, "while several variants of the anticrisis program have already been proposed in Russia, in Ukraine everything has been reduced to an independent dance in baggy trousers on television." Finally, fourth, the students have raised slogans on Ukraine's withdrawal from the CIS: "It

is not a question of immediate withdrawal, this process could drag on for 20-30 years."

Meanwhile, the picture of the clash between students and the militia and the OMON [Special Purpose Militia Detachment] on Monday has been more or less cleared up. The following has been learned.

At 0830 a column of students headed for Government House to set up "symbolic tents and a picket" there. This procession was sanctioned by the Kiev municipal authorities. The special legal case lies elsewhere: The decree did not stipulate the column's route. It is for this reason that the militia, "for the purpose of unblocking the streets for normal traffic," employed clubs and "cheremukha" [riot control gas]. Incidentally, in this regard, a joke appeared on Monday: "Brother, were you ever carried in the arms of colonels?" The students launched the next "attack" on Government House at 1100. Militia clubs fell on their heads once again. As reported by the city newspaper KIEVSKIYE NOVOSTI, 15 militiamen were hurt in fights with students. Three of them were hospitalized.

According to data received by students from a confidential source in the city soviet, an OMON attack, this time on tent city itself, was prepared for Thursday-Friday.

It was also learned: Ten students sustained bodily injury—broken ribs, brain concussion, chest lacerations, and skull injuries. It is interesting that the doctors never did put their stamp on their findings, but if they did, they did not put the stamp "for prescriptions" in accordance with procedure.

But this dispensary, where student doctors are working, incidentally, conducted the selection of candidates to participate in the hunger strike. A total of 10 persons were permitted to participate.

For a week before the beginning of the hunger strike the students gave parliamentarians the opportunity to familiarize themselves with their demands. Today, tent city acquired the support of the Ukrainian Republican Party, the Ukrainian Conservative Republican Party, Rukh [People's Movement for Perestroika], the Green Party, the youth organization of the URP [Ukrainian Republican Party], the Cossacks, Fighters of the Ukrainian Liberation Army...

As This Issue Was Being Compiled

A meeting was held on Thursday in Kiev between the students of tent city and I. Plyushch, chairman of the Supreme Soviet. As V. Chemerys, chairman of the Ukrainian Student Union, declared to KOMSOMOL-SKAYA PRAVDA, a fundamental agreement was reached on submitting a law on elections for consideration at the session of the Supreme Soviet that had started, direct elections of administration heads on 30 March of next year, and a republic referendum on confidence in the present national parliament. Plyushch

promised to speed up a meeting of representatives of the student body with new Prime Minister of Ukraine Kuchma.

Despite the fact that this agreement in many ways "covers" the demands of the protesting students, they do not intend to stop their hunger strike, inasmuch as they are "not confident" that Plyushch will keep all of his promises.

Since Wednesday-Thursday strike committees have been working in the Kiev VUZ's [higher educational institutions], preparing for the conduct of an all-Kiev student strike on 19 October. The leaders of the Ukrainian Student Union reached an agreement on coordinating their actions with transportation workers, who were conducting their own strike on the very same day. Besides the resignation of the present parliament and withdrawal from the CIS (in this case, the demands of the two strike committees coincide), transportation workers are demanding the resignation of all former party functionaries from the posts they hold in the state power structure, radical solutions in the elimination of the aftereffects of the Chernobyl catastrophe, and cancellation of the practice of administrative price increases.

According to data available to us, Kiev commercial banks have begun to finance tent city. In particular, the students have been granted an open-ended loan of 1 million rubles.

Apparently a new student march to the government building will begin tomorrow. The Kiev municipal authorities have given approval for the holding of a rally.

On Saturday the Union of Ukrainian Students and the all-Ukraine Association for Workers' Solidarity plans to conduct a many-thousand-strong rally. Incidentally, the latest slogan put out by the Union of Ukrainian Students is "the market—not 'privatization' for the enrichment of enterprise directors."

Need for Stability Stressed

93UN0132A Lvov ZA VILNU UKRAYINU
in Ukrainian 1 Oct 92 p 1

[Article by M. Levytsky, under the "Political Commentary" rubric: "In the Name of Independence We Must Preserve Stability"]

[Text] In our tense times, almost each day brings new and complicated turns in the path to construction of the state. Hardly had emotions died down from the strike of 2-3 September, when the transport workers of the capital of Ukraine declared their own strikes in the middle of October. Their demands were the same as those of the free trade unions—regulation of wages and the resignation of the Fokin government. Perhaps it seems to the organizers of these actions that radical steps will be the

stimulus that will set in motion the mechanism for the introduction of deep reforms in the system of the Ukrainian economy.

In fact, they are leading to the opposite result. After the strike of 2-3 September, it was said in economic circles abroad that political stability in Ukraine is getting out of control. And for this reason a number of previously planned business meetings did not take place.

However, this is not the main political danger that has appeared on the path to the construction of an independent state. In the highest political circles it is said that the Bishkek meeting of heads of states of the Commonwealth, which for reasons so far unknown to journalists has been moved from the 25th to the 3d of October, will be very crucial and important for us. It is there, according to previous agreements reached in Minsk, that an attempt will be made via the adoption of a statute of the Commonwealth of Independent States and conclusion of appropriate agreements to transform the Commonwealth of Independent States into a new state structure, in other words, to repeat 1922.

As we have learned, in addition to the statute of the Commonwealth of Independent States, drafts of appropriate agreements have already been prepared for the Bishkek meeting on whose basis would be created joint borders with joint border forces, a joint economic and informational space with its own independent managing organs, and a joint parliament; in other words, a joint state.

But currently the main thing for the politicians are the questions, "What will the position of the president of Ukraine be at this meeting? Will he stand up to the battle that the pro-imperial forces are preparing to give him?" Even the question of the competence and capability of the government of Fokin, which is an urgent one for broad circles of the public, fades by comparison with this dangerous test.

Let us note that even Leonid Kravchuk said, at a solemn session of the Ukrainian Supreme Soviet on 22 August: Ukraine will steadfastly take the path of establishment of independence—however, one must keep in mind that among the presidential counselors there are people who see different paths for Ukrainian independence. Yalta might well be an example of this. Today there is increasing proof that the Russian side is treating the agreements of the presidents in its own way, by saying that a document on the maintenance of the fleet was signed in Yalta. Generals Gromov and Grachev have already shown in practice that for them Yalta is a shortcut and an opportunity to stir up the situation on the Crimean peninsula.

The present economic situation also adds to the growth of all these political phenomena. Analyzing the entire spectrum of phenomena which are arising against the background of economic crisis, it is not difficult to see that various pro-Russian and neocommunist groups are declaring themselves with increasing volume. Let us not

have any illusions—they, too, are trying to exert pressure on the Ukrainian state leadership.

One of the forces which is exerting influence on the course of construction of the state and wishes to guide that process are the industrial directors with their old upbringing and pro-Russian orientation. The majority of them expect that their problems, especially those connected with supply, will henceforth be resolved in the offices of high officials. This applies in equal measure to directors of kolkhozes and sovkhozes and to industrial directors. There are numerous proofs that they look upon Ukrainian statehood with a certain irony. This phenomenon is characteristic not only of the south-eastern oblasts, but also the western oblasts.

Not only directors but even individual deputies of the Supreme Soviet demonstrate a mistrustful and ironic attitude toward Ukrainian independence. In particular, People's Deputy Meshcheryakov, assistant professor at Kharkov University, said that he does not see an independent Ukraine, but only a Ukraine in a confederation with the other states of the CIS.

If such opinions circulate among the deputies of the Supreme Soviet, then they must inevitably also exist in the Cabinet of Ministers. According to the assertions of competent persons, they exist there at a more than theoretical level.

Our post-totalitarian, wretched society is prone to emotion, pays more attention to conjecture than to facts, and is fertile soil for destabilizing processes. And this, in its turn, does not correspond in any way to the interests of the state.

Given the present kaleidoscope of parties and organizations, and given their various appeals to the common citizen, it is not easy to analyze the situation: Some people call for the resignation of the government, some for the dissolution of the Supreme Soviet, and still others for a return to the times of Brezhnevian totalitarianism. The anxious citizen seeks answers—where is the truth, where is the path of development that is suitable for Ukraine?

We can look forward to several more years of political chaos, which, undoubtedly, will have an effect on economic processes. But given the economic situation inherited from the empire, leading the state from a deep crisis is, despite the theories in books, an exceptionally difficult task. In addition to talented people, one also needs time and the patience of society. Ukrainian political forces should have an influence on this. Unfortunately, not all political forces are oriented toward preserving stability. Thus, given today's political kaleidoscope, one cannot rule out the possibility that for the sake of political stability it may be necessary to sacrifice more than one Cabinet of Ministers.

Clearly this is not the wisest step. But is there a solution to the existing situation?

Together with the question of the resignation of the government, one hears at rallies the idea of New Ukraine and Rukh about collecting signatures to require that a referendum be held on the dissolution of the Supreme Soviet. This idea, it seems, will find fewer supporters than its authors and organizers had expected. Many of the politicians from the democratic bloc criticize this idea by saying that in the event of the self-dissolution of the present Supreme Soviet, a political vacuum will be created in that state which will, undoubtedly, have negative consequences for the process of state construction and may even lead to overthrows. As we see, we have more than enough problems, and we do not need to create and think up more of them.

I believe that in this situation the president of Ukraine considers justified the words that Mykhaylo Horyn said in 1990 at the first session of the Lvov city soviet, to the effect that politicians work much more easily when they feel the breathing of their people on their back.

ECONOMIC AFFAIRS

State Duma Member Chernyak on Economic Development

93UN0151A Kiev HOLOS UKRAYINY in Ukrainian
14 Oct 92 pp 3, 6

[Article by V. Chernyak under the rubric "Politics and Us": "The Economy Should Not Be Hindered"]

[Text] Practice in the execution of economic reform in Russia and Ukraine offers grounds for some conclusions (although many of them may be arrived at a priori).

It has become clear that reliance on individual economic instruments (prices, money, wages, etc.) has no effect. We need a package approach to the performance of reforms.

This package includes monetary reform, reform of the budgetary, financial, and tax system, privatization, demonopolization, land reform, creation of a broadly ramified and effective system of support for free enterprise, restructuring of the national economy, and a new innovations and investment policy. And only then will liberalization of prices offer positive results.

To carry out a package approach to the performance of reforms, we must overcome **economic primitivism**. There are no simple solutions for the economy, especially at its present stage. It is naive to suppose that some ingenious person will come along, write out a simple prescription, and the economy will be okay.

One cannot conduct reform by relying only on a monetary concept. Finances cannot be revitalized by fiscal methods alone. A transition to the market is impossible without liberalization of prices, but liberalization of prices cannot be made a cornerstone of economic reform.

It is not liberalization of prices that ensures a transition to the market but rather reform of the relations of ownership and stimulation of demand (and not its suffocation). We have received a rise in prices in place of a market. Liberalization of prices under conditions of a monopoly turns the profits of enterprises and the savings of the population into dust (in place of using them as a resource for privatization). We were a poor country, and we have become a destitute one. Beggars cannot be choosers, but we cannot look to Gaydar (or Kuchma).

The main element of the market is a **market of capital** (a market of investments). It can only be created on the basis of privatization and formation of a securities market. The dissemination of privatization certificates still does not create a market of capital; it only signifies a change of titles of ownership and gives rise to pseudo-investors who will come with real dividends to a consumer market that is collapsing.

The most alarming thing is that the increase in prices in our country is not leading to an increase in production or acting as a stimulus to position. Although this should happen in theory, the theory has not been written for us. Prices rise, and production falls. It is not a structural slump in production that is taking place, which would be natural under these conditions, but a general slump in production. The crisis has moved to the sphere of the **end product** (of consumption) and is taking place against a background of a dying away of investment activity. This is an ominous symptom. The main problem today is the problem of production, output, and satiation of the market with commodities (and not the provision of ready cash, as some reformers naively believe). No manipulations with prices, wages, rubles, coupons, and hryvni will help so long as stimuli for labor and investment do not work. Anyone who does not understand this has forgotten how to think.

The introduction of our own stable currency, implementation of an active anti-inflation policy, development of free enterprise on the basis of privatization and implementation of a program for its support, and reform of state ownership along the line of commercialization, corporatization (conversion to joint-stock ownership), and creditization (removal of enterprises from state financing and transfer to private crediting)—all of this is capable of creating a basis for the formation of an effective system of stimuli for labor and investment.

One more critical conclusion. The market cannot be constructed on restriction and suffocation of the consumer market. All countries with a market economy concern themselves with how to raise demand and how to arouse it and stimulate it, and we suppress it. Can a market really be built on this foundation?

Liberalization of prices is a category of a market economy, and if there is no market, can there be liberalization of prices? Naturally there can be no mention of any price equilibrium under our conditions.

The reforms that are being conducted today are an attempt to apply **classic solutions** in the wrong environment. Ye. Gaydar has placed his bet on a monetary concept that is unacceptable under our conditions. Our government was forced to go along with it. To be precise, reform on the basis of a monetary concept can only be effective under conditions of a gold standard or the presence of hard currency. One of the postulates of a monetary concept states that money must be the most expensive resource. Under our conditions, to perform a restructuring money must be cheap. We need cheap credits with a targeted designation.

Ye. Gaydar considers one of his services to be the elevation of the role of money in the administration of the economy. What kind of money? Money is an attribute of a market economy; if a market economy does not exist, then money does not exist either in the precise sense of that word. The ruble falls, and there is no longer anyone to save this ruble. Russia will unavoidably introduce a new ruble whose fate will depend on the development of the situation in the economy (as will the fate of the hryvnya in ours).

The ineffectiveness of attempts to revitalize finances by fiscal methods alone is apparent in just the same way. In this fashion, we are dealing with attempts to apply instruments that are proper to **other conditions** and another environment.

Another apparent conclusion. An inflationary policy for ending the crisis under our conditions will lead to its aggravation. Movement down the inflationary spiral is ruinous for our economy. We are pulling ourselves ever deeper into this process. In my opinion, an active anti-inflation policy must become the core of economic policy.

As a result, out of the possible variants of reform we have chosen the most painful and least effective. But the choice has been made, and its logic works inexorably. Let us start with this and play according to the rules of this choice. Such are the realities. One cannot change the rules in the middle of the game.

The situation in which we find ourselves can only be endured. One recalls the inscription on the ring of Solomon: "All things pass, and this too shall pass." I become suspicious of people who declare that they have a program for resolving the crisis. Humanity does not have the experience of a solution to such a situation. Nor should we become nervous, fuss about, and fall into hysterics. And one should not state that by autumn or by spring we will begin to live better or happier. Naturally, this does not mean that we should do nothing—quite the contrary. We should take an active role, but not imprudently, in the heat of the moment, like schoolboys, discrediting the idea of the market and the idea of reforms. Let us fight the "reformers."

It has become clear that the desired economic revitalization is impossible from the top. Thus we need to actively **form it from below**.

The task of the government lies not in guiding the economy but rather in creating favorable conditions for its development and for economic initiative. It lies in not hindering or causing harm. Under conditions of a market economy it is not governments that answer for production of commodities but entrepreneurs. Our mentality is slanted toward government and not the market. If there are no resources and commodities, if prices are increasing, then the government is to blame. The Italians say: "If it is raining, the government is to blame." And every six months or a year they change it. But this does not have an effect on their economy, because it is the economic system that works, and our only duty is to construct it.

So what is the answer? The answer is to **give people the opportunity to solve their personal and collective problems**: Not to hinder the performance of privatization (if privatization is performed from above, then this may contribute to bureaucratization of the process) and land reform, to engage in entrepreneurial and commercial activity, to avert unemployment and fight it, to enter the foreign market with competitive products, etc. The only thing that is required of all the power and administrative structures is not to hinder it and to provide an opportunity for it to work.

The government should not lead the economy from the crisis; the economy will get itself out if it is not hindered. I am not appealing for the state to desert the economy. The market by definition cannot solve all problems, and there should be no illusions on this score. It should be joined with directing state regulation. **The key to economic reform** is to find the optimum correlation between market mechanisms and state regulation. This, as they say, is the crux of the matter.

The function of the state consists of the definition of priorities and rules of the game, contribution to the solution of problems of the restructuring of the economy on the basis of initiative and investment policy, and support of progressive tendencies and changes at the local level.

It has become clear that macroeconomic goals are not attainable (at least within the framework of the choice we have made). Macroeconomic problems in principle are not solved straightforwardly. Thus we need direct actions **at the microlevel**. If we speak in military terms, we need to move from the frontal attack and the all-out assault to the siege.

We must work from below upward, from the microeconomy to the macroeconomy, and not the other way. We must put the accent on microeconomics—the root system of economics. Only on the basis of revitalization of enterprises (microeconomics) is it possible to revitalize the macroeconomy. Of course, for this we need to create macroeconomic conditions. Micro- and macroeconomics are not divided by a wall; a transition is constantly taking place from one to the other.

By solving their personal and collective problems people will contribute to the achievement of macroeconomic goals (without even suspecting it). The unseen hand of Adam Smith will begin to function. The only true great reformer—self-interest—will begin to function. As Marx quite justifiably noted, an idea has always disgraced itself when it was detached from self-interest. Let me add on my own that a reform will disgrace itself if it is detached from the self-interest of workers, directors, and entrepreneurs. (I started with Marxism—I have not gotten it completely out of my system yet.)

Practice shows that even under these most difficult conditions there exist people, collectives, enterprises, and organizations that work successfully. Clearly there exists only one means of solving our problems—hard work. We should also draw hope from the fact that there are people who have demonstrated the capability of solving urgent, critical questions even in these difficult and uncertain times. Incidentally, governmental structures need to recruit from among them.

We should not depend on the effectiveness of administrative decisions. **The less administration, the better things are, and the better things are, the less administration.**

Here I should stress something quite essential. **Economics, like physics, needs constants** that ensure the predictability of the situation. Without this one cannot engage in entrepreneurial and commercial activity. **Business requires stability.** And, in general, economics is impossible without constants. Unless it is quasi-economics. Predictability of the situation is the basis of any activity. If there are no constants, nothing can be relied on. Their absence gives rise to chaos. **The constants are tax rates, interest rates, wages rates, prices within certain bounds, etc.**

The main task of the state is to define the rules of the game and to make sure they are observed. And not to interfere if the rules are not violated.

Let us play according to the rules. Let them even be bad rules, so long as they are rules. Otherwise things will be still worse. The worst rule is the absence of rules. If taxation, crediting, and the procedure for mutual settlements changes every quarter or even more often, we can forget about a successful economic policy.

In economics, as in medicine, the principle "cause no harm!" must function. It only remains for me to note: Hippocrates, you are right.

Chernyak Details Economic Reform Priorities

93UN0109A Kiev NEZAVISIMOST in Russian
2 Oct 92 p 6

[Article by Professor V. Chernyak, member of State Duma: "Not Just the 'Reds' Are for Sale for the 'Green'"]

[Text] Our newspaper has previously already cited that aphorism. Its author has now been found. He is Professor Vladimir Kirillovich Chernyak, member of the State Duma, doctor of economic sciences. This phrase was included in his report at the big conference of Rukh on 19 September, which was convened especially to elaborate the idea behind the building of Ukrainian statehood and prepare a concrete program of action. V. K. Chernyak heads the working group. We bring some excerpts from his report to the attention of our readers.

What is needed is not just a plan of action, not simply a program to bring the economy out of its crisis, but a constructive, full-scale and far-ranging program of state building in Ukraine that incorporates such blocs as the political and geopolitical, state-legal, economic, social, and medical-ecological blocs as well as a security system bloc. In this connection it is necessary to distribute conceptual accents and establish priorities.

First of all it is necessary to talk about the artificial and casuistic contrasting of statehood with democracy. This card is played by various political forces. Frequently one hears remarks such as: Let us first build a state, and then we can worry about democracy. What can one say in that regard?

Democratic states exist in a national form. Objections to such an assertion usually allude to the experience of the U.S.A. and Canada. These countries are a special case, an exception to the rule. They were created not in the historical homeland of the British, the French, Italians, or Ukrainians. The correct formulation of the question appears as follows: a totalitarian or democratic state, and not as: a national or democratic state.

The political situation in Ukraine is characterized by the fact that the presidential branch of power is predominantly in the hands of the old nomenklatura, with the soviets at all levels, as a rule, as well. The spectre of postcommunism haunts Ukraine. In Czechoslovakia there was a velvet revolution, while in our case it was the nomenklatura revolution. Therefore at present it is necessary to talk not about a struggle with the Supreme Council, the government, and the president, but about decommunization of society, including the world outlook and consciousness of the people (the slogan "People and the Party are One" had its grounds), as well as about the elimination of the nomenklatura from society. It is necessary to talk not about opposition to the president but to the system. The essence of the matter is not so much destruction of the old system as the building of a new one. That is what constitutes our goal and not the struggle for power. Power is not a goal but a means.

A new nomenklatura is forming alongside the old one which is very rapidly assimilating the habits and lifestyle of the old nomenklatura. Life is full of temptations. A career, perquisites, and material welfare are enticing. Not just the "reds" are for sale for the "green."

Thus in the program it is necessary to determine the ways and forms of decommunization and elimination of

the nomenklatura in our society. It is also impossible to avoid the question concerning the model of a society which we are building. The nomenklatura revolution in our case is combined with nomenklatura privatization. This means that we are advancing along the path of nomenklatura capitalism.

It is necessary to make a clear determination of what model of society we are striving for. Either it will be capitalism or neocapitalism, or postcapitalism. By the way we have the opportunity of shifting to postcapitalism. That depends on how we carry out privatization. Consequently we are faced with a historic choice.

Nazarbayev declared that Kazakhstan is building capitalism. But what is Ukraine building? If it is capitalism, then what kind? Which model?

Presently we are dealing with the economy of a transitional society which exists in different variations throughout the world from Albania to Mongolia. Transitional to what? To a model of mixed economy, that is to an economy in which various forms of ownership and management compete, in which the market interacts with government regulation. By definition a market is incapable of resolving all of the problems. The experience of Japan (and, of course, that of Germany and the U.S.A.) are very useful to us. We cannot take little shreds of the experience of different countries and form a mosaic. We can apply their approaches in resolving our problems. By the way, about optimism. After the war the German economy was in a worse state than ours is at present. But there was Ludwig Erhardt, there was a program, there was a team.

The lack of a strategy, primarily a strategy of economic development, is particularly unbearable and dangerous. Neither Russia nor Ukraine have one. Therefore it is necessary to work out a strategy and tactic of building statehood, especially, a strategy and tactic for the formation and development of the economic system. I would put it as follows: we need to shift from a planned economy to economic planning.

Here is another peculiarity of the situation that formed. We are combining perverted forms of privatization with perverted forms of entrepreneurship. Market organizations, as a rule, form not in production and have the goal of snatching as much as possible and then fleeing. Our main problem is the problem of manufacturing, production, and saturation of the market with goods. Transition to a market economy is ensured not by liberalization of prices but by a reform of property relations. The unrestrained rise in prices transformed enterprise revenues and savings of the population into dust instead of using them as a privatization resource (through the creation of a securities market). The formation of a capital market (investment market) as the main element of the market structure is a consequence of privatization. Transition to a market economy is impossible without formation of a capital market. No manipulation of prices, wages, rubles,

coupons, or the hryvnya will have any effect until the stimuli for work and investments take hold.

Degradation of the economy is accompanied by lumpenization of the population. It can no longer withstand the crushing blow of prices. Russia prodded Ukraine on to a path to an inflationary race, but prices in Ukraine are higher than in Russia by a factor of 1.4 (our monopolists utilized the situation), the purchasing power of the coupon is one-and-a-half times lower than that of the ruble. We moved from poverty to destitution. We used to be a poor country now we are impoverished. The rich get richer while the poor get poorer. We live in the same country but in different worlds.

To that it is necessary to add that it is impossible for Ukraine to repay its foreign debt (with a great increase of the domestic debt). The probability of an increase in the similarity of the situation in Ukraine (and, by the way in Russia as well) to that in Latin America is growing. Five to ten years may not be enough to stabilize the economy and resolve the crisis no matter how much we would like that. This process might take 40 - 50 years or longer, giving rise to political instability as in Latin America. Of course, it is necessary to prevent the situation in Ukraine from developing into one resembling Latin America. For that purpose it is necessary to conduct reforms in a decisive and systematic manner. Will the economy emerge from the crisis? Are the reforms to be or not to be? That is a question similar to the one in Hamlet.

It is not necessary to go far, however. Yugoslavia is presently a record holder with regard to price increases. Ukraine is following it.

The proletariat, which has nothing to lose and which fully depends on the state—is a spore of totalitarianism, while the broad middle class—is a spore of democracy. Until we form such a class democracy will not have a firm economic base. From this angle of view it is necessary to examine the problem of privatization and land reform together with the initiation of a program for the support of entrepreneurship.

The building of statehood includes the formation and development of an economic system with all of its attributes (currency, banks, a budgetary-financial system, customs service, and the like) as well as the formation of a national economic policy. The Supreme Council and the government are functioning with a regime of compulsory measures. That is conditioned by the fact that Ukraine is in the ruble zone. The point, however, is not just that. We do not have our own economic policy as a system, with its elements, aspects, and stages. Let us look at China, for example. Its economic program covers 50 years and is broken down into three stages (10 + 10 + 30 years). In the past decade China has doubled its production, while in this decade it should double it again. The third stage covers 30 years of the next millennium.

The program must incorporate a comprehensive, packaged approach to the conduct of reforms. No one individually taken decision will produce an effect. An effect may be produced only by a package of decisions and corresponding action, which includes: monetary reform (introduction of national currency and formation of a national monetary system), reform of the budgetary - financial and tax systems, privatization, demonopolization, land reform, creation of a widely ramified and effective system for supporting entrepreneurship, structural reorganization of the national economy, and a new innovational and investment policy.

It is only the realization of a packaged approach which will provide the possibility of halting the process of economic deterioration and make it possible to lay the foundations for its improvement in the future. It is specifically the lack of such an approach that explains the failure of Gaidar and his team. The inflationary path of solving the crisis leads to its aggravation. It is impossible to make finances healthy by the fiscal method alone. The ruble is falling and no power on earth is capable of stopping that fall. A bet on the ruble is a bet on an overridden horse. In connection with that I am surprised by the position of the National Bank of Ukraine.

The trouble is not just that the economy is in a difficult condition but that no foundations have been laid for its improvement in the future. The stagnation is not behind but ahead of us. If it is possible to stop development of the crisis and the overall decline in production, that will be stagnation. I hope to God we can live to see a stagnation.

There are three whales of economic reform: stabilization, privatization, and liberalization. It is only by resting on all three of the whales that it is possible to keep the economy afloat. The economy does not offer simple solutions, particularly in the current situation.

In my opinion today it is necessary to place anti-inflationary policy in the forefront. Very high inflation is our enemy number one, the spectre of which roams Ukraine. Therefore active and effective anti-inflationary measures have now moved to the forefront. There are domestic and foreign inflationary factors. Foreign inflationary factors may be eliminated by withdrawing from the ruble zone. Domestic inflationary factors include financing of the budget by monetary emission, credit emission, income indexation, and subsidies. Therefore it is impossible to resolve the problem by a withdrawal from the ruble space alone. At present the government is providing dying enterprises with oxygen which does not cure but merely prolongs the agony. Introduction of the

hryvnya under conditions with no reforms will inevitably lead to its discrediting.

The solution does not lie in a reanimation of the old system nor in the curtailment of reforms, but in their extension and acceleration. In this connection the direction and tone of certain proposals contained in the "Plan of action" of the government is of concern.

I would place the initiation of a program in support of entrepreneurship in the second-place position. The only real way out of the crisis is the development of entrepreneurship, primarily small business, requiring the greatest amount of start-up capital. Support funds are needed, as well as a system of guaranteeing credit and financing, consulting firms, and the like.

The existence of a stable national currency and the development of entrepreneurship on the basis of privatization are capable of creating a basis for the formation of an effective system of stimuli for labor and investing.

There is another priority—security: medical-ecological, economic, and social security, security against crime, corruption, and the mafia, and security against attack from outside. In my opinion the problem of security must become a mainstay of the program. The principal task of all power and administrative organizations is ensurance of the security of the population in all of its aspects. A degradation of population quality is currently taking place in all of its parameters—starting with health and ending with the level of professionalism. More than that, there is not only a deterioration in population quality in Ukraine but depopulation has also started, its size is shrinking. For whom are we building an independent Ukraine?

Thus the essence of the program (its first stage) may be summarized as the seven "D": decommunization, denomenklaturization, delumpenization, denationalization, demonopolization, decollectivization, and demafization.

Now about the threat that we are facing: The existing power and administrative structures proved to be incapable of resolving vital economic issues. The discrediting of ideas of independence, democracy, and the market is taking place. When living conditions of the people are steadily deteriorating they are not interested in complex solutions—they seek simple ones, and dictators offer them.

Politics today involve mainly the economy. The economic factor has become a destabilizing element in the political situation in Ukraine. Major changes are required urgently in the economic and personnel policy. If someone believes that preservation of status quo stabilizes the situation, he is wrong. Stability is a function of changeability.

Privatization Certificate Issues Discussed

93UN0097A Kiev PRAVDY UKRAINY in Russian
8 Oct 92 pp 1-2

[Interview with Bogdan Budzan, director of the Ukrainian Cabinet of Ministers' expert group on ownership and entrepreneurship, and Aleksandr Zavada, deputy director of the group, conducted by Tamara Mayboroda: "Game for Adults, in Which Child Owners of Privatization Property Certificates, Which Are Called Vouchers in Russia, Will Also Be Included"; date and place of interview not given]

[Text] It is by no means an accident that the word "game" has been used in the headline of this article. It is very important that, at the very outset of the major statewide action that is casually called "people's privatization" by the aforementioned Russians, all of us participants in that action understand that we are getting involved in nothing other than a kind of all-Ukrainian business game in which, as in an ordinary game of chance, whether it be a simple card game, roulette or a horse race, there will be winners and losers. Some people will be lucky, and some will not. A game is a game.

Of course, it would be pleasant to suddenly become the owner of substantial capital, especially considering that you would not have even bought your "chips" to play the game but, like everyone else, would have been given them free.

But if you managed not to get too upset when the number of your lottery ticket turned out to be a loser, falling on the official table in between two "lucky" numbers whose owners got a car and a refrigerator, let's hope that you will also take the disappointments of privatization with proper calmness.

So, shall we play? In the hope for a chance, which everyone has.

Then it is necessary, at the least, to know that sort of game this is and what its rules are. For this we turned to the Ukrainian Cabinet of Ministers' expert group on property and entrepreneurship. We spoke with the group's director Bogdan Budzan and his deputy Aleksandr Zavada.

[Budzan] So, a game, you say? Well, there is a certain amount of truth in that definition. But only a certain amount. Since if it is a game, it is very much a business game, without which you will not get by in economics. In starting this "game," the state is by no means pursuing selfish goals; on the contrary, with the help of this "game" it hopes to draw as large a number of citizens as possible into the stabilization and strengthening of Ukraine's economic situation.

[Mayboroda] So much that is both good and bad (perhaps even more of the latter) has already been said and written about Russian vouchers that not only Russians but citizens of Ukraine are filled with skepticism with regard to "people's privatization."

[Budzan] Oh, that magic word. When it was only just put into circulation, most citizens were glad: finally at least

something is being given, rather than taken away! So the initial attitude toward privatization in the public mind was perfectly positive.

A dose of skepticism arose when people realized that the game would possibly get started on other than an equal footing, that some people would be able to "line their pockets" and "get along pretty well" in this business, while some people would be "left holding the bag."

[Zavada] And some people immediately began to get concepts mixed up, transferring the value of a certificate, which was by no means a market value, to the sphere of market trade, comparing the nominal value of the security to the market price of a piglet or the commercial value of a presently scarce bicycle. But these are incomparable things.

[Mayboroda] What was the true original purpose of the privatization of state property?

[Budzan] To bring the producer closer to the means of production and thereby enhance the efficiency of his labor, and hence, in the final analysis, to improve his personal and our general well-being.

In and of itself, privatization will not result in radical changes in the economy if it does not proceed in conjunction with other reforms: demonopolization, the structural reorganization of the leading branches of industry, market changes, reforms in the sphere of credit, finances and banking, and others. In short, effective privatization requires an appropriate infrastructure.

[Zavada] And it must be said that one is being created—gradually and haltingly, but nonetheless being created.

[Budzan] Privatization, like any statewide process, should have a legal base. And that, in addition to a number of laws and programs, is around 40 normative acts. Most of them, incidentally, are ready.

In addition, in order to begin privatization one must prepare its objects: break up the enterprises whose collectives submit applications for privatization into smaller units and issue stock in them. Money, and a good deal of it, will be required to solve such social problems as the creation of new jobs, for example.

[Zavada] It is appropriate to note that we are counting on genuine help from privatization specialists on the part of the European Reconstruction and Development Bank. For a start, it is planned to carry out so-called "pilot" privatization projects. These will be "trial balloons" of sorts and will help us work out the problems in the privatization mechanism and make the necessary adjustments and changes.

[Mayboroda] Let us look at the specifics of "people's privatization." Are the Russian voucher and the Ukrainian certificate one and the same thing?

[Budzan] Yes and no. In a general sense they are both investment privatization checks. But in terms of nominal value, form and sphere of operation they differ significantly.

As was once announced in the Supreme Soviet, every citizen of Ukraine (from a newborn baby to an extremely old man) will have 30,000 ruble coupons in initial privatization capital.

[Zavada] But that will not be a paper put in everyone's hand, as in Russia. In our country special privatization deposit accounts are being opened in Savings Bank branches for every single individual; it will be possible to use the money from these accounts only for the designated purpose: for the privatization of state property, housing or—what is not excluded—land.

Since under the Law on the Privatization of Housing most of our citizens will acquire ownership of housing at no cost and, above that (if their living space falls below the privatization norm), a housing privatization check with a nominal value of up to R12,000, the mutual convertibility of these securities is envisaged.

[Mayboroda] That is, I, as a citizen of Ukraine, will myself decide where to invest this money: in the stock of some enterprises, or in the purchase of a hairdresser's shop, store, apartment, or parcel of land?

[Zavada] Exactly. Only it is still too early to get carried away with a parcel of land—private ownership of land in Ukraine has not yet been legalized.

[Mayboroda] Well, let's wait a while with the land. The most realistic thing, as I understand it, is to buy stock in enterprises. Will I, as an ordinary buyer, be helped to orient myself in a relatively unfamiliar sphere of business?

[Budzan] You absolutely will be helped. There will be no information vacuum. It is simply that we have not rushed events, since the "rough" preparatory work has not yet been completed for such a mass action, which requires the enlistment of equipment and a wide range of specialists.

They have already begun to be trained in special, short-term courses for those who already have a higher economic or legal education. Divisions on privatization, marketing, management, etc. have already been opened in more than 10 higher schools.

The first issue of a state information bulletin on privatization has already been published. It is planned to put out monthly issues of it, which can be bought or subscribed to through the mail.

We hope that the newspapers, radio and television will also do a great deal of explanatory work.

One must understand that the privatization process cannot be rapid; it will take lengthy and painstaking work.

[Zavada] In this business it is easy for uninitiated people to make a mistake. The best thing for them is to resort to brokers. In this case—to the investment funds of which a wide network will be opened throughout all Ukraine.

[Mayboroda] Russian "ordinary people" have already been thoroughly frightened with the notion that all sorts of "brokers" in the privatization business will look not so much after the dividends of future stockholders as after their own profits. Will we have any sort of guarantees at all in the case of turning to an investment fund?

[Budzan] The Ukrainian Supreme Soviet should adopt a law on financial brokers.

[Zavada] In most cases there will be guarantees. For the people working in the investment funds will be not just anyone but professionals. In acting as the guarantor of your earning of dividends on your stocks, an investment fund will be required to redeem them from you in the event that you consider the profits insignificant or for some other reason want to dissolve relations with it.

[Budzan] All the same, it should be noted for the sake of future orientation that by no means all brokers will be able to issue such guarantees. Therefore, before settling one's choice on an investment fund, brokerage or some other agency, one must weigh all the pros and cons. It is best to free oneself of illusions on this account right away.

[Mayboroda] But that requires that one orient oneself at least a little bit in matters of investing.

[Zavada] That is also one of the tasks of privatization. The population should be economically better educated, living under the conditions of a market. In order to be a promising property owner, one must learn to "do business." So the business game promises also to become a good business school.

[Mayboroda] But can that be learned in a year?

[Budzan] Why in a year? It is in Russia that the voucher will be valid until December 1993. We intend to extend the period of validity of privatization certificates up to three years.

[Mayboroda] And when will we become owners of them?

[Zavada] I will not try to name an exact date. But I think that it will happen this year.

From the editors: The article was already prepared for the press when Aleksandr Leonidovich Zavada was confirmed in a session of the Ukrainian Supreme Soviet for the office of chairman of the antimonopoly committee. On which we congratulate him.

MOLDOVA

Moldovan, Gagauz Leaders for Coexistence

93UN0136A Moscow NEZAVISIMAYA GAZETA
in Russian 8 Oct 92 p 3

[Article by Aleksandr Tago under the "Moldova" rubric: "Principles of Peaceful Coexistence of Gagauzia and Moldova (Gagauz Leaders Hope That They Will Be Considered by the Moldovan Parliament)"]

[Text] Moldovan President Mircea Snegur and Prime Minister Andrei Sangheli recently have been establishing contacts with the leaders of the Dniester republic and the Gagauz republic doing it before their parliament members come back from their vacations and also without much publicity. The main purpose of the contacts is to prepare the ground to allow them to decide on how to determine the status of Moldova's eastern and southern areas or, in other words, of the Dniester republic and Gagauzia. The Gagauz republic, not recognized by official Chisinau, was proclaimed on 19 August 1990 and it is the home of 150,000 Gagauz, apart from whom it also embraced other people from the southern areas of Moldova such as Moldovans and Bulgarians. The Gagauz, who are related to the Turkic people, moved from Bulgaria to the south of Bessarabia several centuries ago. The Russian emperor gave the Gagauz settlers vacant lands in the Budzhak plains. Unlike other Turkic nations, the Gagauz are not Moslems, they adhere to Christianity, and use the Cyrillic alphabet. In spite of the fact that the Moldovan parliament declared the proclamation of the Gagauz republic an illegal act contradicting the Moldovan Constitution, the Gagauz formed their own Supreme Soviet, created their government, and elected their president. During the last year, these structures on several occasions sent to the Moldovan parliament their draft for creating "the self-governed territory of Gagauzia." The draft outlines a change in the government structure of Moldova based on the principles of federalization, without any encroachment on the unity and inseparability of Moldova. The Gagauz suggest that the federation should include Moldova, the Dniester republic, and Gagauzia. The refusal of the Moldovan parliament to discuss this proposal resulted in Gagauzia starting to lean towards severing its links with Moldova. The 26 August session of the Gagauz Supreme

Soviet decided to suspend payments into the budget of Moldova. The Gagauz Supreme Soviet approved its own budget for the second half of 1992. It is preparing an act that should transfer all enterprises and organizations functioning on Gagauzia territory under its own jurisdiction. Quite recently, the personnel of the Gagauz republic internal affairs administration pledged their allegiance to the Gagauz people. The actions of the Gagauz leaders, who aim to separate the self-proclaimed republic from Moldova, forced the Chisinau leaders to seek a compromise. Mircea Snegur had two meetings with the "local administration representatives from the southern areas of Moldova" during which they tried to establish some principles allowing peaceful coexistence of Moldova and Gagauzia. "There can be no talk of any federalization of Moldova from either the historical or political point of view," said Mircea Snegur at the meeting. A task force was set up for the purpose of finding a compromise between the Moldovan and the Gagauz sides. As Petr Zavrichko, Gagauz state administration for foreign relations chairman, told to the NEZAVISIMAYA GAZETA correspondent in an interview, the task force had to prepare proposals from both sides and then offer them for discussion during the next meeting of the Moldova and Gagauzia leaders. However, as early as 5 November, Gagauz republic President Stepen Topal signed and made public a document on the basic principles of further coexistence between the Republic of Moldova and the Gagauz republic. Its preamble states that Gagauzia is a part of Moldova, which as a UN member is a guarantor of Gagauz sovereignty within the framework of the agreed powers. The NEZAVISIMAYA GAZETA correspondent was told in the Gagauz Supreme Soviet that self-administration in the republic will be carried out on the basis of its own constitution and in accordance with the powers rendered to it by the constitution of Moldova. The principles of further coexistence of Gagauzia and Moldova suggest that the highest organs of state power will deal with legislative issues, organization and conduction of elections, appointment and dismissal of procurators and judges, granting citizenship, approval and implementation of the Gagauzia budget, ratification of Moldovan laws on Gagauz territory, as well as legislative initiatives in the Moldovan parliament. According to political commentators, the Gagauz leaders decided that their time has come.

KAZAKHSTAN

Progress in Preparations for 1993 Crop Detailed

August Admonition

934A0058A Alma-Ata SELSKAYA NOV in Russian
No 34, 21 Aug 92 p 1

[Report: "On the Progress of the Harvest by the Ministry of Agriculture's Main Administration for Agricultural Development"]

[Excerpt] [Passage omitted]

Despite the large volume of work which is now being done by rural laborers in harvesting the ripe crops, we must not forget about laying the foundation for next year's harvest. First and foremost, this pertains to increasing the fall plowing and sowing winter grain crops. As you know, the August plowing yielded a significant addition to the harvest. We have entered upon the optimal period for sowing winter grain crops in most of this republic's oblasts, except for the extreme south. In this connection, we must effectively carry out the redistribution, import, and delivery of seeds which are in short supply, bring the sowing equipment into working condition, and carry out the sowing of winter crops during the best period for doing so.

Late August Seed Notes

934A0058B Alma-Ata SELSKAYA NOV in Russian
No 35, 28 Aug 92 p 1

[Report: "Ministry of Agriculture's Main Administration for Agricultural Development Reports and Recommendations"]

[Excerpt] [Passage omitted]

Along with harvesting the present crops, we must now start laying the foundations for next year's grain crops. One of our urgent tasks—one which cannot be postponed—is to create seed stocks. For next year's sowing, the farms will require 3.8 million tonnes of grain-crop seeds. Moreover, the state reserves need to lay in 660,000 tonnes. So far work along these lines is being carried out too slowly. The plan for laying in seeds has been fulfilled in South Kazakhstan Oblast. This work is nearing completion in West Kazakhstan and Dzhambul oblasts. But the seed stocks are being replenished all too slowly in Alma-Ata, Taldy Kurgan, and other oblasts. It is certainly true that for seed purposes we ought to lay in grain of the best grade and reproductive qualities. However, so as not to be entirely without seeds, each farm should make sure to lay in for seed purposes dry grain of any categories and reproductive qualities, bearing in mind their subsequent replacement by varieties from the seed sections. It is important for the grain-receiving

enterprises not to fall behind schedule in creating supplies of high-grade, grain-crop seeds for the state reserves in amounts which are at least as great as the quotas assigned.

Early September Wet Grain and Seed

934A0058C Alma-Ata SELSKAYA NOV in Russian
No 37, 11 Sep 92 p 1

[Report: "Ministry of Agriculture's Main Administration for Agricultural Development Reports"]

[Excerpts] [Passage omitted]

A great deal of grain, including wet grain as well, has already been accumulated. [passage omitted] At the same time its transfer to the state and its being laid into seed stocks are being carried out much too slowly. Only 1.5 million tonnes, or 15 percent of the state order, have been sold to the state. Only Dzhambul Oblast is close to fulfilling its state order.

The weather has significantly complicated the completion of one of the principal tasks for grain growers—the laying in of good-quality seeds. Under the conditions which evolved, we must change the very organization of this work. We must lay in the seeds first, protect them for seed purposes from commercial batches of grain, and provide for exchange operations among the farms involved.

At the beginning of September this problem was the subject of a meeting between the deputy chiefs of the oblast-level agricultural administrations and the deputy general directors of the oblast-level grain-products associations in Akmola, Kokchetav, Kustanay, North Kazakhstan, and Turgay oblasts. With participation by staffers of the Ministry of Agriculture and the Kazkhlebprodukt Concern, basic proposals were worked out which must be implemented by the oblast- and republic-level organs. In the next issue of this newspaper we will report in detail on the decisions which were adopted.

Mid-September Seed Concerns

934A0058D Alma-Ata SELSKAYA NOV in Russian
No 38, 18 Sep 92 p 1

[Report: "Ministry of Agriculture's Main Administration for Agricultural Development Reports"]

[Excerpt] [Passage omitted]

So far work on laying in seeds has been proceeding too slowly. In order to speed up the pace of procuring grain-crop seeds for the state reserves, the ministry—along with the Kazkhlebprodukt Concern—has granted permission to procure from all farms and by all grain-receiving enterprises grain of the sixth and subsequent reproductive qualities, grain of the third category of grade purity, with the inclusion and admixture of seeds mixed in with hard-to-separate weeds within the norms of the third-class seed standard. Instructions have been

issued to protect dry batches of commercial grain in order to use them for seed purposes. It is recommended that sovkhozes and kolkhozes deduct and contribute 10 percent of the grade surcharge to grain-receiving enterprises. Wet grain must be put aside for future replacement by seeds.

[passage omitted]

Late September Wet Grain and Seed

934A0058E Alma-Ata SELSKAYA NOV in Russian
No 39, 25 Sep 92 p 1

[Report: "Ministry of Agriculture's Main Administration for Agricultural Development Reports"]

[Excerpts] [Passage omitted]

A great deal of wet grain has been accumulating in the flows of the farms. For the republic as a whole, there is already about 7 million tonnes of it. Numerous requests have been coming in from the oblasts for permission to put aside for the state order sprouted grain, grain with a malt-type odor, and other deviations from ideal conditions. These matters are being decided effectively. But there will be less of them, the better preparatory work is organized in the localities, as grain is turned over for the state order, and as seed and fodder stocks are laid in.

So far the kolkhozes and sovkhozes have laid in only 2,489,000 tonnes of seeds, instead of the 3,812,000 tonnes in accordance with the plan. Moreover, more than 600,000 tonnes of spring grain crops must be laid in as state reserves, but—as of now—scarcely more than 60,000 tonnes have been laid in.

[passage omitted]

Autumn is the time when we must lay the foundation for next year's harvest. However, the pace of the autumn plowing has been inadmissibly slow.

Grain Prices, Processing, Distribution Explored

Consumer Union Leader's Concerns

934A0060A Alma-Ata SELSKAYA NOV in Russian
No 39, 25 Sep 92 p 2

[Interview with Yerzhan Kapanovich Aliakbarov, deputy chairman of the board, Kazpotrebsoyuz, by I. Bobyleva; place and date not given: "At a Loss to Ourselves: Trade in the Rural Areas"]

[Text] In order to provide the basic necessities for rural inhabitants engaged in harvesting operations, we had to—first and foremost—arrange for their procurement in the required amounts. However, due to the disruption of economic ties with many CIS states, we were provided with only 26.6 percent of the tea, 38-40 percent of the sugar, 60 percent of the tobacco items, and 62 percent of the confectionery items in comparison with last year.

Before the start of the hectic harvesting period, we appealed for help to the republic's Ministry of Trade, inasmuch as approximately 770,000 city-people were being recruited for work in the rural areas. Unfortunately, the ministry was able to allocate for our needs only 100 tonnes of tea, 6 freight cars of tobacco, 500 tonnes of confectionery items, and 1 million standardized containers of canned fruit and vegetables.

As of today, in all the regions where the harvest is proceeding there are about 3,500 stores, 850 public-dining enterprises, in addition to 140 which had been opened at grain elevators. Operating schedules for 1,739 automatic stores have been agreed upon by and coordinated with the farm directors. Nor have we remained standing on the sidelines with regard to organizing food-service facilities in the localities: We have supplied them with dishes, as well as stocks of equipment and supplies.

At first glance, we have done everything possible at such a difficult time to satisfy the needs of the grain growers during the hectic days of the harvest. However, with the introduction of freed-up prices on items without subsidies from the local budgets, the operation of the consumer unions in peripheral areas is economically unprofitable. This is attested to by the fact that a consumer cooperative in a rural area over a period of seven months of the current year suffered losses amounting to 13.1 million rubles. This was primarily due to the level of trade surcharges, which do not guarantee to cover our expenses with regard to delivering items to the consumers.

Considerable damage or harm was also done to our subdivisions by the so-called privatization, as organized by the heads of the rayon-level administrations without understanding the very essence of this matter. For a very long time cooperative trade has existed on the basis of public and collective property ownership. This is the property of our staffers plus shareholders. Then why put it up for sale? All the more so in that—during the harvest period—all the cooperatives and small enterprises remain virtually without things to do. They accumulate goods which are in short supply—items which there are not enough of in the rural areas, and the prices on them have been set at a level three or four times higher than ours.

Previously, in preparing for the harvest period, we have created at our wholesale centers reserve supplies of nonfood items—jackets, kersey boots, socks, etc. which are needed by the combine-operators and truck-drivers. We have work clothes in stock even today—to be sure—but not in the previous amounts. However, not everyone can afford to buy them. For example, a jacket nowadays costs 800 rubles, and the cheapest cotton socks cost 27-30 rubles. The spiraling upward customs rates on nonfood items have drastically undercut and are undercutting our budget.

But we have not lost hope for things to improve. The harvest has now turned out to be very successful. Perhaps it will provide some sort of impetus, under the conditions of making the transition to a market-type economy in the republic, still to find ways and means to lower prices next year.

Grain Price Commentary

934A0060B Alma-Ata SELSKAYA NOV in Russian
No 38, 18 Sep 92 p 1

[Commentary: "Grain and Prices"]

[Text] Last Friday President Nursultan Nazarbayev held a conference of the heads of oblast-level, Alma-Ata, and Leninsk city administrations, with participation by members of the government and leading officials from several ministries, departments, state concerns, and banks.

They discussed the status of and measures to provide the population with food for the years 1992-1993. Moreover, particular attention was accorded to the progress being made in harvesting grains, potatoes, vegetables, and other agricultural crops, as well as price-formation on bakery items and concentrated feeds.

With regard to the first problem, a report was delivered by Baltash Tursumbayev, deputy prime minister and minister of agriculture. He noted that during the present year the republic has the opportunity of procuring and purchasing considerably more grain than has been provided for by the state order. All such output to be delivered by the farms in excess of the state order will be paid for at the free, market prices and in currency. Moreover, the rural workers will be granted the opportunity to sell the remaining surpluses at their own discretion.

A heated polemic developed around the issue of price-formation on bakery products and combined feed. A report on this matter was made by Daulet Sembayev, the first deputy prime minister. It was emphasized, in particular, that at the present time the prices on bread here in Kazakhstan are much lower than they are in several other republics of the former USSR (in Russia, for example, a kilogram of bread costs 10 times as much on an average). But things cannot go on this way. Nowadays, when the bakeries have begun to receive flour from the newly harvested grain—which has been purchased at must higher prices than before, bread production will require very substantially increased subsidies.

The president issued effective and specific assignments connected with ensuring the well-organized completion of the harvesting operation, as well as for delivering material and technical supplies to the agroindustrial complex.

The following persons took part in the conference: Serikbolsyn Abdildin, chairman of the Supreme Soviet; Erik Asanbayev, vice-president; and Sergey Tereshchenko, prime minister.

Procurement Prices for Grain

934A0060C Alma-Ata SELSKAYA NOV in Russian
No 39, 25 Sep 92 p 1

[Interview with Amantay Kultayev, chief, Main Economic Administration, Ministry of Agriculture, by V. Presnovskiy; place and date not given: "On Procurement Prices"]

[Text] [Kultayev] The basic procurement prices on certain types of agricultural products have been revised. The state will now buy rice at 13,500 rubles a tonne, and peas—at 9,700 rubles a tonne.

Guaranteed prices have also been set as follows: sunflower seeds—15,000 rubles a tonne, first-grade rape—15,000 rubles, second-grade—13,000 rubles, and sugar beets—2,700 rubles a tonne.

The basic prices on cereal grains purchased in excess of the state orders have not yet been determined. The question is still being studied. The presently existing prices in Russia do not suit our goods-producers, inasmuch as they are only 50 percent higher than the existing prices in our republic for grain which comes in by means of the state order.

The issues involving grain prices must be very carefully thought through if we want to accumulate 16 million tonnes of grain in the state resources with a state order of 10 million tonnes.

It is now very important that the grain producers correctly understand the situation and—without subjecting the grain to the danger of spoilage or theft—ship it out to the storage facilities of "Kazkhleboprodukt." If the set prices do not suit them very soon, they will be able to sell the grain at prices acceptable to its owners. Furthermore, in selling grain beyond the borders of Kazakhstan it is more advantageous and profitable to utilize the services of "Kazkhleboprodukt," rather than competing among themselves and thus driving prices down and bringing about a loss to themselves.

Market Conditions & High Prices

934A0060D Moscow TRUD in Russian 9 Oct 92 p 1

[Article by Oleg Kvyatkovskiy, correspondent: "Virgin Lands 'Currency': A Look at the Situation"]

[Text] The colder the autumn sky over Kazakhstan, the clearer the "weather" is in the grainfields. By the end of the first week of October the grain crops on 80 percent of the sown areas had been 'hreshed, and 5 million tonnes of the remarkable Virgin Lands wheat had been sold to the account of the state order. The forecast of an abundant

harvest has been confirmed. And the following hope-inspiring figure was cited at a recent conference in the Ministry of Agriculture: The grain harvest in this republic has come close to the benchmark of 30 million tonnes.

In essence, Kazakhstan—after a considerable pause—is again providing from its colossal grainfield that “billion poods” for which chiefs of all manner of ranks used to struggle at one time without counting the cost. I remember those billion echelons of “determined grain,” departing across the symbolic borders into the bottomless “granaries of the Motherland” of the former Soviet Union. The harvest was raked out and scraped out by an electric brush, and the “billion-level” market was glutted with fodder and seeds....

Yes, there used to be all kinds of harvests. But the present one is unique: For the first time a sovereign and independent Kazakhstan, having harvested all its grain, will itself dispose of it “from start to finish.” And with naked clarity the following old truth stands revealed: The price of bread is our life itself. That includes the life of our young state, which is just entering upon its own path.

The present-day harvest has also had an effect on preserving a stable sociopolitical situation. People have begun to breathe more freely; it seems clear that there will be no famine. There is no sense in looking over your shoulder at your neighbor's dish. The large amount of grain harvested has mitigated people's dissatisfaction with the increased prices for loaves and rolls. The price rise—inevitable in and by itself—did not reach the high points which impacted upon poor people in other regions of the CIS.

Having purchased 10 million tonnes of grain within the framework of its firm state order, Kazakhstan will now solidly join the countries which export wheat. And so it will begin to determine not only a price policy. In the present-day CIS without the hard and strong varieties of Kazakhstan wheat, you cannot bake a karavay, a palyanitsa, or a lavash ...

And so the grain has virtually been harvested and safeguarded from misfortune and bad weather. In Kazakhstan's principal grain-growing oblasts—Kustanay—they have reached the level of 18 quintals of first-grade grain per ha [hectare], whereas in North Kazakhstan they have reached 20. For the Virgin Lands that's not bad.

But now a problem unusual for Kazakhstan has appeared: How should we best dispose of the harvest under the conditions of hyperinflation, price wars, and the birth of new currencies? Whereas in previous years economic managers frequently used to “conceal” sown areas, thus artificially inflating the harvest yield, nowadays they are no longer averse to hiding the grain itself. To provide incentives and motivation for a grain-grower not to be stubborn, but to part with the grain he has cultivated—that's what is giving headaches to the Kazakhstan leadership.

This republic's grain elevators and grain-receiving centers are capable of accepting 24 million tonnes. The government's strategic task looks like this: Gather the grain, put it in their own granaries, and then begin to trade with it. The tiniest granule will not be sold without the permission of this republic's Cabinet of Ministers.

“Already this year we will begin to trade our own grain at world prices,” stated S. Tereshchenko, the republic's prime minister. “We will export as much as 10 million tonnes of grain—that's about 2 billion dollars worth. And in the future....

Grain is a profitable item. And the economic managers understand this at least as well as the prime minister. The striving of the Virgin Lands sovkhoz directors to earn good money on it—as much as possible. It beckons but still does not turn up in one's hands by itself. The procurement prices within the republic—despite their significant increase—are notably different from the world prices. The government has still not determined the exact, final prices, and is merely setting preliminary prices—proceeding on the basis of business conditions and the possibilities of the budget. They are promising to pay after grain has been sold abroad.

However, long-ranging calculations cannot be justified. The government's obligations at the present time are already patently insufficient. The peasants are in no hurry to part with their currency under the “code name” of “grain,” and they are strictly demanding: “Cash on the barrelhead!” And their dissatisfaction is fueled by the fact that grain in excess of the state order can be sold only through the “Kazkheleobprodukt” concern and no other way.

It is considered that this concern will find better customers. That could be disputed. And it is hard to forget about the experience of the former “free trade.” At the beginning of the year the sovkhozes “dumped” meat into Irkutsk Oblast and Altay Kray—the prices there were lower than in Alma-Ata.... The leadership of the republic, as if in a nightmare, suddenly foresaw a situation whereby the state—going into the market with grain—would be compelled to compete with goods from its very own farmers and kolkhozes....

The principal sale of grain resources is planned for closer to spring, when grain prices will reach their highest point. Is that intelligent and sensible? Of course. All the more so in that all one's debts by reciprocal accounts with the other republics—for fuel, transportation, people sent to work on the harvest—will be paid for ahead of time by Kazakhstan's using this very same grain.

Grain grows in silence, indifferent to orders and policies. And it is being harvested nowadays without shouts and cries. For the first time the harvesting work is proceeding without any excess noise, without any excess people, and without the “beacons of socialist competitions.” All this is to the benefit of the grainfields.

TAJIKISTAN

Islamic Revolution's Actors, Events, Background Analyzed

93US0042A Moscow MEGAPOLIS-EXPRESS
in Russian No 37, 16 Sep 92 p 20

[Article by Timur Kadyr: "Powder-Keg Under the Roof of the World: Tajikistan Cracking at the Seams"]

[Text] Just like a king in chess—one who is being pursued by the ruthless pieces of his opponent—Rakhmon Nabiyeu was chased, cornered, and overtaken in the deputies' room of the Dushanbe Airport. It was here—under the automatic weapons of the "capital youth" and the scornful looks of the opposition leaders—that he signed a statement of his resignation.

That was completed which was slated to be completed. And we must give the opposition its due for at least one thing. Over a period of two and a half years it literally took apart—stone by stone—what had seemed to be an inaccessible bastion of legitimate power. For political dilettantes who had no leadership experience under their belts—not even at the village level—this was a phenomenal result.

With regard to Tajikistan, one could speak about a classic revolution. The Pamir region—with its poverty, ethnic and clan problems—turned out to be an unsuitable place for a gradual, stage-by-stage dismantling and reforming of totalitarian structures. The structure of "developed socialism" in its Tajik variant crumbled under the initial "pushes and shoves" of an aroused society.

Let's briefly recall the acts of this political drama.

1990, February. Timed to coincide with the regularly observed anniversary of the Iranian Revolution, an insurgency of young persons, who went out onto the streets of the capital bearing anti-Armenian slogans. A clash with troops, 11 persons killed, pogroms in the Russian quarters.

1991, August. A marathon-type meeting held on Shakhidon Square. Resignation of First President Kakhar Makhkamov. Communist Party activity brought to a halt.

1991, November. Victory in the election of President Rakhmon Nabiyeu over the opposition candidate, Davlat Khudonazarov.

1992, February. At a political meeting marking the Second Anniversary of the February events, which proclaimed the "democratic breakup of totalitarianism," opposition slogans resounded demanding the dissolving of parliament and the resignation of this republic's procurator.

1992, March. Arrest of Dushanbe's mayor, M. Ikramov. Beginning of demonstrations by young persons.

Mob siezes presidential palace. National Guard disarmed. Resignations of Speaker of Parliament Kendzhayev, and Vice-President Dustov. New elections scheduled for the Supreme Soviet. Creation of a coalition government of the people's trust. Beginning of armed clashes in Kulyab and Kurgan-Tyube oblasts.

1992, August. Seizure of the presidential palace by "refugees and the capital youth." Assassination of the republic's procurator and the deputy chairman of the Kulyab Oblispolkom. Resignation of Prime Minister Mirzoyev. Appeal by the Supreme Soviet Presidium and the Cabinet of Ministers to the people, along with an expression of confidence in Rakhmon Nabiyeu.

Let's agree that everything was played out as if in accordance with a scenario or musical score, in the best traditions of the Bolsheviks, who never adhered to such "conventions of democratic law" as respect for the law and a renunciation of violence and terror. In a civilized country the opposition (which—by the way—was officially recognized), having its own press organs and staff headquarters, would have to wait for the next election in order to convince the society of the rightness and justice of their cause. In Tajikistan, however, they decided not to lose any time, and so they hurled themselves into an assault of the Tajik version of the Winter Palace.

During the initial periods of the attacks the tone was set by the democrats—the creative intelligentsia, young party functionaries, and economic-management functionaries. Their ardor, exacerbation of national and ethnic feelings, and healthy ambitions, however, proved insufficient to consolidate the positions already taken. They were engulfed, raised, and then cast up on the shore by the steep and precipitous wave of reviving Islam. The alliance between the "Rastokhez" Democratic Party with the Islamic Revival Party (IPV) was alogical from its very inception. The weak, "toy-like," democratic structures did not withstand the overflowing of religious fanaticism which hurled the believing, trusting dekhkans [Central Asian peasant farmers] from their mountain kishlaks [Central Asian villages] at first into prolonged, drawn-out, political meetings in the capital, and then into the butchery of civil war.

The key figure in the coup, as recognized by "M-E"—an observer of the opposition leaders—is the spiritual head of Tajikistan's Muslims, the kazikalon Akbar Turadzhonzoda. His authority and public weight immediately imparted a mass quality to the opposition.

The composition of the forces in the coalition government was extremely interesting. Here the opposition was allotted eight portfolios out of twenty. Only eight, but which ones? One of the IPV leaders—the 35-year-old Davlat Usmon, as first deputy premier, runs the Ministry of Internal Affairs and the KGB. Mirrakhimov, Kampilov, and Khaitov from the "Rastokhez" have taken over the television and radio company, while the head of the Tajik Ismailites (an Islamic sect), Khudoberdy Kholiknazarov, has become minister of foreign

relations. All the monetary and economic ministries were cold-bloodedly turned over to the old nomenklatura, which thus could not counteract or oppose the permanent economic and business crisis.

After knocking the force structures out from under the president and inciting an information war, the opposition cut the republic off, first from the outside world, and then from the CIS as well. It is characteristic that it was specifically Akbar Turadzhonzoda who officially called upon Pakistan not to assist Tajikistan economically or financially in any case. President Rakhmon Nabiyev returned from Tehran with empty hands. The president was unable to tear himself away for a single meeting with the CIS heads. By a decision of parliament, the Tajik kaziat seceded from the Tashkent Muslim Spiritual Administration. And on the eve of the "abdication," the opposition muzzled the Russian and Uzbek television, having taken the republic into a news and information blockade.

Nabiyev's removal from power was timed to coincide with the First Anniversary of independence. The World Tajik Forum did not allow him to head up this holiday. The opposition leaders swallowed up all the fruits of the "Tajik People's age-old struggle for freedom."

Nowadays the most popular nickname for Rakhmon Nabiyev is "The Lump." His followers and supporters—and they comprise most of the population, including the Russian and Uzbek communities, accuse him of softness, a lack of principle, and cowardice. All this is, perhaps, justifiable, but they expected too much from Nabiyev. He is a typical "first secretary" of the Brezhnev era, one who does not know what a tough political struggle is, one who had become accustomed to receiving instructions from Moscow, and one who had been raised and educated to be a reader-reviewer. He was elected to his post as a symbol of the former calm and relative prosperity. And that's all.

Shortly after the election Rakhmon Nabiyev was de facto deserted; all that remained for him was his team of bodyguards. He chose a new Cabinet of Ministers, leaving several important figures from the former nomenklatura without any jobs. The arrest of the mayor of Dushanbe increased the number of Nabiyev's deadly enemies. Then the president—without a murmur of complaint—gave up his faithful speaker Kendzhayev, Vice-President Dustov; he sacrificed his own people in national security, television, and in the Ministry of Foreign Affairs. As he conceded and retreated under the pressure of the opposition, the retinue behind his back melted away like snow under a spring sun. They were particularly successful in winning over yesterday's colonels, who had been hastily promoted to the rank of general by Nabiyev. Rakhmonov, the commander of the National Guard, surrendered the presidential palace without a fight. Mamadzhanov, the commandant of Dushanbe, went over to the enemy. And the KNB (the former KGB) itself refused to protect Nabiyev.

Rakhmon Nabiyev pinned his last hopes on Russia and the CIS. Back in April he feverishly managed to reach the office of Marshal Shaposhnikov by telephone. But the marshal—in the presence of an IZVESTIYA correspondent—refused to lift the receiver. In August the commander of the CIS United Armed Forces himself was compelled to appear in Dushanbe and to bring 20 military observers with him. But it was too late.

Up to the last hour the Tajik president was supported by his Uzbek colleague, Islam Karimov. The neighboring republic had long before that become a headache for him. The example of the Tajik oppositionists has aroused the ambitions of the Uzbek national-radicals. But the main thing is that arms slip into Uzbekistan from the region of Tajikistan. And tens of thousands of refugees have poured into Uzbekistan, which is densely populated even without this. The danger of clashes between Uzbeks and Tajiks is very great in any case.

Islam Karimov scolded Russia because the latter was not fulfilling its obligations with regard to protecting the southern borders of the CIS. And—without waiting, evidently, for effective steps from the CIS—he sent a message of alarm to UN Secretary Genar! Butros Gali. Another evident purpose was to obtain a mandate for actively intervening in Tajik affairs.

It is absolutely clear that Tajikistan's present-day leadership will not consent to the introduction of CIS "blue helmets." Come what may, the opposition needs to gain time in order to break up their opponents in Kulyab, Kurgan-Tyube, and Dushanbe. The northern part of the country, Leninabad Oblast, is not giving in to the Islamists, and—therefore—it probably will be simply sacrificed for the sake of creating a mononational state.

Is the opposition acting on its own? Or is someone standing behind them? Islam Karimov is convinced that "heating up" from abroad cannot be avoided here. Iran? Pakistan? Afghanistan? The United States? So far, however, all of them have denied it. But Israeli, American, and Italian automatic weapons, rifles, and mines have already begun to show up in Kurgan-Tyube. Where are they all coming from?

It seems that Moscow has also finally come to understand that if the Central Asia powder-keg explodes, they would have to forget about economic reforms for a long time, and it would be necessary to proceed to a mass evacuation of Russians and to a forced construction of a new border—in the best-case scenario—somewhere in South Kazakhstan.

Initially, it was planned to discuss the problem of Tajikistan in Bishkek on 25 September. But—in the opinion of the experts—the CIS heads will arrive at some sort of specific solution sooner than that: Practical life requires it.

What awaits this republic, which has been torn, loosened, and put upon the rack? Most likely, the opposition will expeditiously create an organ like the Georgian

Gossovet [State Council], dissolve parliament, and attempt to hold new elections on their own terms. It is completely possible that they will restrict their territory to "their own" purely Tajik people, and accuse Leninabad of separatism and other deadly sins. And, of course, Tajikistan will "secede" from the CIS.

Who will replace Nabiyeu? Local observers and commentators agree that there is no viable figure as of today. But there are variant solutions. Either the opposition puts into power one of the "freshly baked" generals with dictatorial powers, or—more likely—the "astral hour" for the insurgent kazikalon will arrive. Pro forma Akbar Turadzhonzoda is not a part of any political organization. But it is precisely as a spiritual leader that he is capable of uniting the Tajik Muslims.

P. S. As reported from the National Salvation Staff Headquarters—the opposition organ—fighting is continuing in Kurgan-Tyube. However, most of the Kulyabians have been driven out of the city, and fighting is now going for Kalinabad, a settlement of electric-power engineers. If it is captured, Kulyab will be cut off from the entire world. And Rakhmon Nabiyeu—according to unofficial data, is hiding in Khudzhand, in the center of Leninabad Oblast.

[Box, p 20, col 1]

The population of Tajikistan is 5.2 million.

Of these, 1.2 million are Uzbeks, and about 300,000 are Russians. They live preponderantly in the republic's capital and its environs.

An extremely tense situation has recently evolved in Tajikistan, and interethnic conflicts have become worse.

According to information from independent observers, pogroms are taking place in the Uzbek villages. In two months time several tens of thousands of Uzbek refugees have already arrived in neighboring Uzbekistan. It is still impossible to ascertain the exact number since they are fleeing every day. They are being relocated in Surkhan Darya Oblast. Uzbekistan's President Karimov has expressed official concern regarding this matter, and he has declared that his state is incapable of accepting all those who desire to come.

Matters are no better with regard to the Russian-speaking population, which fears the accession to power of the Islamic Party. During the last two years 130,000 persons have left Dushanbe and moved to Russia. People wait in line for months to send packages to Moscow. Experts estimate that the number of potential Russian-speaking refugees will soon reach 300,000.

[Box, p 20, col 2]

Ex-President Rakhmon Nabiyeu

62 years old. Comes from Leninabad Oblast. Belongs to Tajikistan's most powerful and influential clan until recent times.

Passed through all stages of a party and business career.

In 1973 became chairman of the Tajik SSR Council of Ministers.

In 1982 became first secretary of the Tajikistan Communist Party Central Committee.

In 1985 was detailed to the position of chairman of the State Committee for Environmental Protection

In August 1991 was elected chairman of the Supreme Soviet.

In November 1991 was victorious in nationwide election for president of the republic. Received 57 percent of the votes cast.

In September 1992 submitted resignation from post of president.

[Box, p 20, col 3]

Kazikalon Akbar Turadzhonzoda

39 years old. Born in Ordzhonikidzeabadskiy Rayon, not far from the capital. Comes from a family of clergymen.

Received an Islamic education at the school (medres) under the Muslim Spiritual Administration in Tashkent, and then at the Islamic University in Jordan.

In 1990 became head of Tajikistan's Muslims (in recent times he has not been recognized by the sole mullah in Kulyab, who accuses the kazikalon of adhering to the "Wahabbi" Heresy).

In 1990 became deputy of the republic's Supreme Soviet.

In 1992 became member of the Supreme Soviet Presidium.

[Box, p 20, col 4]

Tajiks are divided into three large clans (the remaining small groups are included within them one way or another, or fall under their influence).

The Leninabad Clan (The former Leninabad, now Khudzhand, Tajikistan's second largest city, located in the northern part of the republic. Economically most developed region).

Members of this clan have controlled power in Dushanbe for 40 years now. It includes virtually all the most recent communist leadership in this republic—Makhkamov, Nabiyeu, former parliament speaker Kendzhayev, and others.

The Garm Clan (Garm is one of the names of Gornyy Badakhshan, an autonomous oblast in the Pamir Mountains, the poorest in the entire republic). This clan is also called the **Pamir Clan**.

Members of this clan rarely achieve high posts. They include the present day minister of foreign affairs, Khodolnazarov, the minister of internal affairs, Navzhuvanov, as well as Nabiyev's rival in the last presidential election, the motion-picture producer-director, Davlat Khudonazarov.

The Kulyab or Kurgan-Tyube Clan (named for these two oblasts in Tajikistan)

All the present-day opposition leaders—the head of the Democratic Party, Shodmon Yusuf, the deputy chairman of the Islamic Revival Party, Davlat Usmon, the leader of the "Rastokher" Movement, Abduzhabbor—belong to this clan. Its members have never before in all of Tajikistan's history achieved the highest posts. Now they have finally reached the highest posts.

TURKMENISTAN

Niyazov on Democratic Society, Economy

93US00388 Ashgabat *TURKMENSKAYA ISKRA*
in Russian 28 Sep 92 p 1

[Article by S. A. Niyazov: "S. A. Niyazov: 'Implementation of the Ideals of Turkmen Statehood Is Possible Only Through Civic Peace and National Harmony'"]

[Text] A number of the world's leading periodicals, and particularly ones in the CIS, have recently asked Turkmenistan President S. A. Niyazov to express his thoughts and provide an evaluation of the processes occurring in the world, in the Commonwealth of Independent States and in Turkmenistan. The political and theoretical journal *SVOBODNAYA MYSL*, of which M. S. Gorbachev's International Foundation for Socioeconomic Studies is one of the co-founders, has made a similar request of the president. An article written by S. A. Niyazov specially for the journal *SVOBODNAYA MYSL* is published today.

Without a doubt the disintegration of the Soviet Union and formation of new independent states in its place is one of the most mysterious phenomena of the 20th century. And let no one be deceived by the lack of fanfare with which the disintegration of the superpower was officially decided in Belovezhskaya Forest: The fate and course of the world in the third millennium will be determined in the republics of the former Union.

And so, what happened to us, and what will our life be like in the future? I think that in trying to answer these questions we must go back to 1991, when the Soviet Union ceased to exist as a state and a subject of international law: Its place on the world map was taken by 15 independent states, which have already been recognized by the world community. I think that any other interpretation of this most important, pivotal event, any attempt to dispute the legality and logic of this would only increase misunderstanding and division among the people.

If we look back in history, and see the bloody wars and sociopolitical cataclysms with which the fall of the Roman, Osman, British, Russian and other empires were accompanied, we should thank our lucky stars that when it ceased to exist, the Soviet nuclear superpower left behind itself only a few regional conflicts, which of course in no way diminishes the tragedy and grief of people whose lot it was to suffer the agony of war in a time of peace.

There is certainly an undeniable logic in the disintegration of the Union. As with people, empires are born, they gather strength as they mature, they age, and then they die. Regardless of the historical era, the nature of empires is generally the same—power for the sake of power, army for the sake of an army, ideology for the sake of ideology, and practically nothing for the sake of the common man. This world order has invaded the consciousness of people so completely over the last 70 years that it will probably take a certain amount of time for us to rid ourselves of this world-power complex. And appeals to the past, to former grandeur and might, have absolutely no significance to history. The faster people and politicians come to understand that everything that has to do with the USSR is now history and the sooner people rid themselves of nostalgic recollections, the faster we will be able to start creating a new life worthy of man, with everyone working in their own states. And we must not be afraid that this will separate us. On the contrary I am certain that under the new conditions we should be brought together not by slogans and ideological dogmas but by a real interest in one another. I am convinced that we have no other choice.

The sooner the peoples of the former USSR cast off the weight of the past, the faster people will be able to determine their place in life, their goals and their objectives in this new world.

We in Turkmenistan have defined our goal—to build a democratic, secular state that has chosen a position of positive neutrality in foreign policy, opening of the doors to a diversity of forms of ownership in the economy, and consolidation of society within the country on the basis of the ideals of establishing a flourishing Turkmenistan.

This is a grandiose and complex objective, and it is in no way my intention to make it look simple: We have more than enough economic problems, left to us as the legacy of the great structure of communism. There is the one-sided development of the economy, the barbaric exploitation of natural resources, and as consequences of this, severe ecological problems, not to mention the generations of people who have been corrupted by the leveling system of former times, when every person received a more or less identical minimum of material blessings regardless of his labor. In short, the calamities we face are approximately the same as those in other republics. But we do have one doubtlessly most important advantage, which no wealth of any kind can replace. It is political stability, civic peace and national harmony. One can have all of the treasures of the world, but if there

is no harmony in the home, these treasures will never bring happiness. Back at the dawn of perestroika the level of democracy in the republics was determined by presence of different parties and movements: chaos, all-permissiveness, and thoughtless destruction of the former way of life were served up to us as pluralism and renewal. Anyone who appealed for a gradual process and thoughtfulness was called a conservative. There was of course little that was good in the past, but one not need be a great prophet to predict what the consequence would be of too much haste in reforms in a country of 300 million, in which all spheres of life had been permeated by long-obsolete dogmas over the course of decades. Despite the fact that the spirit of destruction hovered over us all, we in Turkmenistan swept it away, and luckily, we did the right thing. I am convinced—and our quite recent past should be a lesson to us—that there are no general, universal recipes for the happiness of all peoples. There may be some fundamental principles that we have in common, for example a market economy, freedom of speech and thought, and others. But different peoples will achieve all of these things in different ways. After all, different people have different mentalities and psychologies, such that what is good for some is bad for others. Many politicians, and even common people, feel that all we need do is transfer the principles of life of Western democratic countries to our conditions, and everything will be all right. However, interethnic enmity, division of the society and the blood of innocent people would be the result. Recall the recent racial unrest in Los Angeles, or the quite recent example of the demonstrations of the ultra-right in Germany: These countries are considered to be models of democracy. So what can we expect from our peoples when just 70 years ago we were ruled by a czar, and 10 years ago a communist dictatorship prevailed? And although Stalin's time bombs are to blame for much of what is going on today, many mistakes were also made right in our own times. Mistakes such as, as I see it, haste, ambitiousness, the desire to obtain everything right away, and the inability and reluctance to find a compromise.

Turkmenistan's delegation at the First Congress of USSR People's Deputies, and at subsequent congresses as well, were referred to as mutes. Many were amazed that our deputies did not fight to be heard at the microphone stations. Some journalists regarding the dominance of the partocrats wrote ironically about Eastern patience. But ultimately, it was this patience and balance that permitted Turkmenistan, out of all of the former republics of the Union, to survive the disintegration of the USSR and acquire independence practically without any losses. I can proudly say that not one person on the territory of our state has been a victim of political instability. Our government clearly understands that the ideals of Turkmenistan's statehood can be achieved only through civic peace and national harmony. I think that the era in which independence used to be acquired in the smoke of battle is gone forever. And if things are different somewhere else, then other factors having no relationship to the idea of independence are making

themselves known. Now that we are at the threshold of the third millennium, it is finally time for mankind to learn how to solve the problems of national self-determination through civilized means.

As far as economic problems are concerned, the presence of rich resources will make it possible for us to ease the transition into a market economy, and ensure future economic development. Turkmenistan is rich in oil, gas and chemical raw materials. In the past, our state was one of the republics which provided for the Union's cotton independence; moreover we grow cotton of the most valuable varieties. Also, the climatic conditions allow us to grow malt, fruits, vegetables, grapes and melons. In short, Turkmenistan is rich because it will always be able to find a customer in the world. It must be said, however, that the inertia of the socialist economy is still great, and it is presently keeping us from fully utilizing the enormous economic potential in the national interest. Interstate economic interrelationships are a source of great difficulty in this regard, in addition to the purely internal problems. Some states which have declared in words their adherence to new, civilized forms of interrelationships between countries, are in fact willing to leave some things of the former economic system unchanged. This is precisely why we are working hard to carry out the project to lay a gas pipeline from Turkmenistan to Europe through Iraq and Turkey. This alternative gas pipeline will allow us to sell gas to countries that are willing to pay the world price. Beside purely economic results, completion of this project will produce an enormous psychological impact. It will signify Turkmenistan's final breakthrough into the world economy.

In parallel, we will also carry out other measures associated with the transition to a market economy, but in no way will we opt for shock therapy. I am convinced that we will be able to neutralize the negative and painful aspects of the transition to a market economy by utilizing the receipts from the sale of oil, gas, cotton and products processed out of them. According to the predictions of many economists, these receipts will be sizable. It is no accident that Turkmenistan is often referred to as the Kuwait of gas industry in the economic research and reports of Western economists. The government of Turkmenistan is already preparing for an unprecedented step: From the first day of 1993, the population of our state will enjoy free electric power, gas and water. This has become possible not only owing to Turkmenistan's colossal wealth, but also in many ways owing to the cohesiveness and unity of the society. This is precisely what provides the government the possibility for pursuing a balanced policy that protects it from pitfalls and extremes. Very often in history, the most noble reforms and initiatives have failed because the society was torn apart by objective contradictions, and often by ones imported from outside. This is precisely why we value political stability so highly. It is no accident that inciting ethnic enmity in Turkmenistan is considered to be one of the gravest crimes against society.

It has already been a year that Turkmenistan has been living under the conditions of independence. This is an insignificant time by the yardstick of history, but it has already given much to our people. People have become confident in their strengths, in the possibility of creating their own independent, flourishing state. And when I say people, I mean people of all nationalities, because it is my deep conviction that every citizen of Turkmenistan, regardless of ethnic origins and creed, will be able to realize all of his capabilities and possibilities in creating a flourishing Turkmenistan.

Ministry Official on IMF Membership

93US00384 Ashgabat TURKMENSKAYA ISKRA
in Russian 23 Sep 92 pp 1, 3

[Interview with Turkmenistan Cabinet of Ministers Deputy Chairman Valeriy Georgiyevich Otchertsov by I. Ivakhnenko, director, division of international information; date and place not given: "Turkmenistan and the International Monetary Fund: Recognition of the Reforms and Opening of Credit"]

[Text] On 22 September Turkmenistan joined the International Monetary Fund, the Bank for Reconstruction and Development and a number of other international economic organizations associated with them. This event is the topic of our interview with Turkmenistan Cabinet of Ministers Deputy Chairman Valeriy Georgiyevich Otchertsov.

[Ivakhnenko] Valeriy Georgiyevich, the International Monetary Fund is traditionally perceived as a structure that grants loans. How much can Turkmenistan hope for by becoming a member of the fund?

[Otchertsov] Considering the annual gross national product of our state, the IMF can offer us up to \$1 billion. But we need to account for the fact that IMF loans are granted for the purpose of stabilizing monetary and financial circulation and the balance of payments. Investment loans, on the other hand, are granted by the International Bank for Reconstruction and Development. In preparing the plan for Turkmenistan's socio-economic development, we derived an overall figure for the republic's need for investments in 1993-1995. It is around two and a half billion dollars, not counting the expenses of building the Turkmenistan-Europe gas pipeline. It stands to reason that foreign firms will be widely encouraged to participate in our economic projects. But loans from international economic organizations can provide serious support to the contribution of the Turkmen side to the joint programs. Especially loans from the International Bank for Reconstruction and Development, the goal of which is to assist in the development of the economies of bank members. For example the International Development Association (IDA), which is within the bank's composition, provides money for specific economic projects. In this case the loan rate is a time and a half to two times lower than in commercial banks. And when it comes to states which, if

I may put it this way, are not wealthy, loans are generally interest-free, and they are granted for a term of 35-40 years. It would probably be unnecessary to explain how advantageous this policy is to the client.

[Ivakhnenko] Still, let's talk in greater detail about what the republic's entry into international economic organizations does for it.

[Otchertsov] The granting of loans does not of course exhaust the range of our relations with them. Upon becoming a member of the IMF, Turkmenistan gains access to information on all changes occurring in the financial and economic policies of different states. We obtain a possibility for relying on the experience of experts and analysts. Specialists of the IMF and the World Bank have already subjected our financial system to analysis, and developed recommendations on improving banking affairs. Representatives of the World Bank have offered us their expert assistance in all international contracts concluded by Turkmenistan.

Entry into the IMF is a confirmation of the "open door" policy consistently being proclaimed by President S. A. Niyazov, and it creates additional guarantees for foreign investments. Let me recall that we intend to become members of the Multilateral Investment Commission and the International Center for Investment Guarantees. And finally, there is one result I would like to mention especially: By joining the IMF, the World Bank and other economic structures, we get a possibility for influencing formation of a new world economic order. Influencing, and not simply accepting it *de facto*, by participating in foreign economic ties.

[Ivakhnenko] But what is the price that Turkmenistan will have to pay for joining international economic organizations? I'm not even talking about the magnitude of the membership subscription, though even it is obviously impressive. For example Russian mass media and politicians have conducted an extremely vigorous discussion of the problem of tying IMF loans to Russia in with Russia's fulfillment of the fund's recommendations. The topic in this case was the recommended transition to a market economy in the form of "shock therapy." Does this mean that this variant now awaits the republic as well?

[Otchertsov] Of course not. In the sense that all of the apprehensions you enumerate are unjustified. First of all regarding the subscription. Of the \$50 million, only \$10 million will be paid in cash. The rest of the money will be deposited with the Turkmenistan State Bank in national currency. It will be utilized once again to stabilize the financial and monetary system, to support Turkmenistan's liquidity and to implement various economic projects.

By the way, some of these projects came into being after first the government and later the Turkmenistan Cabinet of Ministers studied recommendations of IMF experts. The republic began preparations to join international economic organizations at the beginning of this year.

Since that time IMF delegations have traveled to Turkmenistan on several occasions. And not only to come up with recommendations, but also to study our conception of the transition to a market economy. As a result the economic reforms being implemented in the state acquired international recognition in the face of the IMF. In other words the clearly pronounced social nature of the Turkmen economy has not and will not experience any changes. IMF experts assured us that they consider the Turkmen model of a "smooth" transition to a market economy as being one which is in keeping both with the principles of economic recovery and with the unique features of our economic system.

In general, it would be good if Turkmenistan's citizens would come to understand the true character of the International Monetary Fund. This organization imposes and dictates nothing: It only recommends that we take proper steps in the proper direction. All the rest depends on the national governments.

[Ivakhnenko] Valeriy Georgiyevich, you touched upon an extremely interesting question: What recommendations has the IMF offered to Turkmenistan? But before asking you to answer it, I would like to fully clarify everything having to do with the obligations of the state in regard to the IMF. I am referring to that part of President S. A. Niyazov's ukase on the republic's entry into international economic organizations that discusses the acceptance of a number of the articles, clauses and sections of the charters of these organizations. What is the nature of these documents?

[Otchertsov] The IMF Charter consists of provisions which determine its particular functions and which regulate activities on the territory of individual states. The latter are also foreseen in the presidential ukase.

As far as IMF recommendations are concerned, they are being analyzed in relation to sectors which the republic has defined for itself as priority sectors—the agroindustrial and the fuel-and-energy complexes. IMF recommendations foresee wide attraction of foreign investors, especially in exploring new oil and gas deposits, helping to fit out open deposits, and creating a gas and chemical complex in Seydi. In this case they are extremely careful to preserve commercial secrecy. Thus, when experts of the European Bank were preparing recommendations to develop the fuel and energy sector at our request, the World Bank gave them the information it possessed only after obtaining our permission. When it came to working out specific investment projects in the republic's agriculture, the World Bank delegation arrived here literally in a matter of days. This is generally just the beginning of the interpenetration of our economy and the world's.

[Ivakhnenko] Thus far we've been discussing cooperation at, so to speak, the state level. The international financial corporation which Turkmenistan intends to join grants loans only to representatives of the private

sector. Does the Cabinet of Ministers have a list of candidates they're considering for such activity among local entrepreneurs?

[Otchertsov] There is an entire social stratum. We will be more than ready to help obtain bank guarantees of solvency for commercial farms and other strong farms that have shown what they can do and which have managed to honorably earn their "million" without breaking the law. But I am deeply convinced that no matter how greatly the state might be interested in developing private entrepreneurship, it must not farm such guarantees out to entities operating in the shadow economy. Consequently I think that Turkmenistan's industrialists will obviously develop out of today's joint ventures and commercial middlemen. This will not be a rapid process.

[Ivakhnenko] Loan and monetary policy is also under your care. Whether or not a country's creditors have trust in its economic situation may be determined from that country's credit status, in the same way that the health of a person can be learned from his pulse. How "healthy" is Turkmenistan in this respect?

[Otchertsov] All credit we are presently receiving is at advantageous terms. But to be specific, the European Community has granted us a loan of 45 million in its currency, we have a loan of \$50 million from Iran, and \$75 million from Turkey. Preparations are being made to sign an intergovernmental agreement on a loan from Pakistan totaling \$10 million. Negotiations for a German loan are progressing. Agreement has been reached with the European Bank, of which we have also become a member, to receive \$72 million to build a spinning mill. This is even considering that Turkmenistan has not yet paid all of its subscription. Such trust says a great deal. It may be associated with the fact that the loans the republic has received are being used not only to saturate the domestic market but also to develop production.

Our partners understand that Turkmenistan's economic policy is not to "patch the holes" in the economic mechanism but to reform it over the long range. This is why we are taking out loans, and this is why we are joining international financial organizations. By the way, in the very near future our state will join the Islamic Bank, which provides services to members of the regional Organization of Economic Cooperation, and the Asian Bank for Reconstruction and Development. But all of these events are secondary, because they reflect changes that have already occurred within Turkmenistan itself. For example there is the three-year plan presently being written for the republic's socioeconomic development. For the first time in the history of state planning, that which is desired and that which is possible will correspond with one another in this document for the simple reason that the plan and the budget are being considered in their interrelationship right from the start. This is at least an indicator of a civilized approach to managing the economy, and it is perhaps one more piece

of evidence that we are joining the International Monetary Fund not in behalf of short-term interests but simply because this step corresponds to the principles of managing Turkmenistan's economy presently being followed, and to the level of its reform.

FOR YOUR INFORMATION: The International Monetary Fund and the International Bank for Reconstruction and Development were founded in 1944, and they initially united 44 countries of the world. The first loans were used to restore the war-damaged economies of the countries of Western Europe. After that, assistance was provided to developing countries. Since the 1940s these states received loans of a total of 210 million U.S. dollars. Today the IMF's capital, which consists primarily of member subscriptions, totals \$125 billion.

Democratic Party First Secretary on Goals

93US0037C Ashgabat TURKMENSKAYA ISKRA
in Russian 21 Sep 92 p 2

[Article by G. Shchepotkina: "We Are Building a Society of Civic Harmony and Peace, Feels Turkmenistan Democratic Party First Secretary Ondzhik Musayev"]

[Text] Do you remember that day in December of last year that we awakened in the morning having no idea of what sort of state we were in? Many events have occurred since then, and many of them have provided an answer to a disturbing question: In what sort of country are we now living? The only problem is that life is not the same without a "leading and guiding force," without an ideology fully determined for all time. But is our life really so uncertain, and need we lament history's rejection of our ideological guide?

I am not about to give a categorical answer to such a question, though not because I have not found an answer to it. I simply don't want to repeat the mistakes of our party's precursors—imposing a single opinion as dogma, as the ultimate truth upon everyone without exception. Moreover this would be in contradiction to the Charter and Program of the Democratic Party. One of our basic principles is to develop convictions through persuasion. I would be happy if these sentiments would dispel doubts some people may have, and help them to acquire confidence in tomorrow.

Words not supported by specific deeds are nothing more than a disturbance in the air. No matter how much propaganda one party or another puts out about itself, no matter how a particular government advertises itself, it is the people that will make the final evaluation. And they have but one yardstick—the level of welfare to which a political force working for its recognition has been able to raise them.

After those unforgettable events, which dramatically altered our destiny and which drew new boundaries on maps and produced abrupt turns in philosophy, all peoples of our former union republics, including the Turkmen Republic, obtained real freedom to build their

lives as they see fit. But the roads we all have taken have turned out to be so different! As a result there are differences in sociopolitical climate, in the spiritual state of the people, and in the possibility itself for satisfying the most urgent needs. We are not so isolated from one another that we can't make any comparisons. I would not be the first to say that comparisons made in regard to many indicators are in our favor.

We are not deprived of the necessities, and our shopping basket is heavier and, at the same time, less expensive than in other regions of the Commonwealth. And most importantly, we do not go to sleep at night with weapons beneath our pillows, and we do not greet the dawn anxiously: Will the new day bring suffering to our close ones, and will it not take them as sacrifice in internecine reprisals and political passions?

Peace and harmony between all people living on Turkmen soil is what our President Saparmurat Atayevich Niyazov and his government treasure the most. I've just come from Saparmurat Atayevich. Let me recall that the president is the chairman of the Turkmenistan Democratic Party. I discussed party affairs with him. And do you know what course our discussion took? We spoke about ways to preserve the political balance and stability in the country, to raise the welfare of Turkmenistan's citizens, to strengthen the sovereignty of Turkmenistan, and to raise its authority in the eyes of the world community. These are the program objectives of the president's domestic and foreign policy, and it is the job of the Democratic Party of Turkmenistan to promote the success of his policy. We do not see our goals as being separate from the course taken by the president.

There is a fundamental difference between our party and its precursor: We use completely different work methods. Not command, at assist. Not usurp the role of state structures, but help them in their activity. Not solve economic problems, but assist in their successful solution. It's all simple: We have no functions of power.

But don't be too hasty to reach any conclusions. Some might say, for example, that life is so easy for today's party workers—no responsibilities! But they do have them. The president, who is implementing his policy, has them. The government, which is developing the ways of implementing it, has them. The people, who put their trust in the president and government, have them. Our activity is directed today at keeping in touch with the pulse of the social consciousness, directing the attitudes of people into the channel of mutual understanding, and mobilizing their efforts to fulfill the plans for our state's development. Openness and frankness, spirituality and sincerity—those are the things that characterize this activity.

Man is not a robot, and people are not a mute accumulation of robots: The society lives not only to satisfy its material and natural needs, but also to slake its spiritual thirst. Party members follow precisely these postulates in

their work. This is why differentiated selection of the means of influencing the minds and hearts of people, an individual approach to communicating with them, and an orientation on dialogue now have priority significance among their work methods. The ability to listen and to hear, to see things from different points of view, and to see paths that lead to mutual understanding are unique human qualities, good in all of their substance, without which the party worker cannot exist today.

But all of this does not presuppose a dutiful need to swim with the current, to yield unquestioningly to circumstances, to observe events passively. On the contrary, party committees and local primary organizations must involve themselves in all spheres of life, they must be in the mainstream of all events, and they must participate in both the great and the small, they must act as a powerful, positive structure upon which the state can rely.

Today, the Democratic Party is a real powerful political force with absolutely no longing to grasp the levers of power itself. A democratic society does of course presuppose the possibility of a multiparty system. An organizing committee is presently working to establish a peasant party. If this precedent is set, it will not signify the appearance of an ideological rival to the Democratic Party, or establishment of a political force of opposition. For the most part, our objectives are similar—to promote the president's foreign and domestic policy, to support the government in its initiatives, and to help preserve stability in the state and society.

However, I feel that the absence of ties with a particular social stratum is an advantage of the Democratic Party. Its ranks contain peasants and laborers, representatives of different forms of ownership, different social strata of the population and different creeds, people of mental and physical labor, rural residents and urbanites. There was a time in the life of our party when the people were torn by doubts: Should they join it? The opinion was created that the society was supposedly simply "tolerating" it out of respect and in line with political fashion. The Democratic Party of Turkmenistan was in a time of zero growth.

Today's picture is different. Just yesterday I attended an open party meeting in the Turkmenistan State Pedagogical Institute of Languages and Literature imeni Döwletnamed Azad. The hall was filled. There were persons who were not in the party, teachers and students in the audience. Besides the issues concerned with current party affairs, as described in the report given by doctor of historical sciences, Professor Redzhepdurda Karayev, a deputy of the Turkmenistan Medzhlis, a member of the Political Soviet of the Turkmenistan Democratic Party, and chairman of the republic's Council of VUZ Rectors, the agenda also included acceptance of new members into the party. Four persons joined the VUZ's primary party organization. It was pleasant to see among them a person still quite young, a student in his second year, a future instructor of Russian in secondary schools

teaching in Turkmen. This means that the young have trust in us, that they are associating their future and the country's future namely with the Democratic Party.

By the way, since the beginning of the year our party membership increased by almost 5,000, and interest in it is continually rising.

The Constitution of Turkmenistan states that ours is a democratic, law-abiding and secular country. But what about its ideological orientation? In one of his interviews, Saparmurat Atayevich Niyazov emphasized that Turkmenistan will be neither communist nor Islamic. This is categorical. Then what will it be? Life itself will answer this question.

I feel that the efforts of our society should now be focused on retaining in our lives the best of what we have developed, and casting off as quickly as possible whatever is superfluous, an obstacle to forward progress, and clings thoughtlessly to the past. Let our society become a society of civic harmony and peace.

"Turkmenistan is traveling its own path," the president and chairman of our party has stressed on several occasions. We are ready to attentively study foreign experience, and to analyze it, weeding out whatever does not satisfy the interests of our society. However, we will never accept foreign ready-made recipes for unquestioning fulfillment, and we will tolerate no one's dictatorship in this aspect. This is despite the fact that there are those who wish to bring us over to their "faith." There are among them those who are not shy to criticize the status of democracy in Turkmenistan. What can I as a scholar offer as a response? The ideal model of democracy is a primitive communal structure. But the various foreign-country models being proposed to us bear the imprints of the particular ethnic and traditional characteristics inherent to these states, and they will simply not work in any other society in their pure form.

Meaning that we must gather together our patience, and stubbornly create our own model of democracy, one in keeping with the interests of the people of Turkmenistan, and of course, borrowing everything that is better, progressive and positive from other peoples. And let each of our mornings be good, and let each working day be productive. Then our children will happily take the reins of government from our hands, and our grandchildren will gratefully accept the society we have built for them.

Republic Freed From USSR Foreign Debt

93US0037A Ashgabat TURKMENSKAYA ISKRA
in Russian 15 Sep 92 p 1

[Article from the Information Division, Turkmenistan Ministry of Foreign Affairs, Turkmen Press: "Turkmenistan Freed From Foreign Debt of Former USSR"]

[Text] Ashgabat, 14 September. The Turkmenistan Ministry of Foreign Affairs distributed a report stating that in accordance with an agreement between Turkmenistan

and the Russian Federation on settling succession issues in relation to the state's foreign debt and stocks of the former USSR, the Russian Federation is assuming the responsibility of paying Turkmenistan's share of the foreign debt of the former USSR as it stood at 1 December 1991. At the same time, Turkmenistan transfers its share of the stocks of the former Soviet Union to the Russian Federation at their value on that same date.

The same agreement confirms that Turkmenistan's share in the foreign debt and stocks of the USSR, determined on the basis of a unified aggregate indicator, is 0.7 percent.

Thus the "null variant," which bears the signatures of presidents S. A. Niyazov and B. N. Yeltsin, releases Turkmenistan from any obligations regarding the USSR's foreign debt, and all questions between Turkmenistan and the Russian Federation concerning the foreign debt of the former USSR and its stocks have been settled.

This agreement became effective on the day of its signing—that is, back on 31 July of this year.

Transfer to Latin Alphabet Debated

93US0037B Ashgabat TURKMENSKAYA ISKRA
in Russian 17 Sep 92 p 2

[Interview with Myratgeldi Soyegovich Soyegov, director of the Linguistics Institute of the Turkmenistan Academy of Sciences, by L. Aleksandrova; date and place of interview not given: "Cyrillic or Latin? This Is Not a Political but a Linguistic Problem—So Feels M. Soyegov, Director of the Linguistics Institute of the Turkmenistan Academy of Sciences"]

[Text] A scientific-practical conference that is to attract a wide range of primarily linguists and educators will be held in November. Converting Turkmen written language from the Cyrillic to the Roman alphabet is the issue at hand.

We asked Doctor of Physiological Sciences Myratgeldi Soyegov, director of the Linguistics Institute of the Turkmenistan Academy of Sciences to comment on this fact, which directly affects the future development of education and the general culture of the Turkmen people.

[Aleksandrova] Myratgeldi Soyegovich, when mountains of books published in the Roman alphabet were ground down to a pulp, I was there as a witness. That was during the Great Patriotic War, because just prior to it, literally in 1940, the Turkmen written language was converted from Latin to Cyrillic. We also know that Turkmens used the Roman alphabet for a relatively short time—since 1928. And now another reform. What opinion do you have in regard to this, and do you favor such a significant step?

[Soyegov] I can't be an opponent of it, because I was in the group of specialists that helped to develop one of the

variants of the Roman alphabet. That variant was published in the newspapers TURKMENISTAN, MUGAL-LYMLAR GAZETI and SYYASY SOKHBETDESH with a detailed commentary. In my opinion this variant must permit transfer of primarily the phonetic features of Turkmen language. And I mean phonetic, which is very important and which is impossible to achieve with Cyrillic. What I am saying is not at all new. Ask any teacher in a national secondary school, and he will admit that children primarily in the early grades experience considerable difficulties in mastering written language. When the sounds of Turkmen speech are rendered in Cyrillic, there is a difference in the relationship between the sounds. This also creates certain difficulties for those who study Turkmen and intend to master its written form. Even arbitrarily conceived letters by which to render the acoustic features of Turkmen speech do not make the situation any better. The Roman alphabet, which is what I am in favor of, is the most optimum alphabet among, for example, Cyrillic, Roman and Arabic.

[Aleksandrova] As the saying goes, if it works, don't fix it. If Latin can ensure the preservation of Turkmen grammar, then this is what we need. But as far as I know, there is no unanimity in this regard even among Turkmen linguists. Am I correct in understanding that some other points of view exist as well?

[Soyegov] Well, it's a very good thing that they do exist. A reform could be accomplished by, as they say, a single stroke of a pen, which specifically is what happened once before in the history of our culture. If you want to know my own opinion, I feel that introduction of Cyrillic as the alphabet of Turkmen written language was something done arbitrarily. Now we have adopted the Law on Language. On a language approved by our state constitution; we acquired independence, and we have joined the United Nations on an equal basis. And now concern for development of Turkmen language has become the sovereign concern of the Turkmen people. However, this step has nothing in common with nationalistic motivations. There can even be no discussion of this. According to that same constitution, we respect and recognize the authority of all languages of all peoples inhabiting our state, and as we know, Russian remains a language of international communication, in addition to Turkmen.

But let's return to the differences in points of view. There are those who favor keeping Cyrillic (not many, though), arguing that it has been mastered by more than just a single generation, and that translation into Latin will cause certain discomforts in education. Others recognize the need for reform, but they offer their own variants. Specifically, the debate on this topic has been going on for a long time among scholars, and it made its way into the press at the beginning of the year. This is why when I talk with you, I insistently support my own personal position. The scientific-practical conference will summarize the results of the debate. The issue will be examined in detail, but the one thing I'm certain of is that we must

arrive at a balanced decision, one which would correspond not to ambitions and sentiments but to the realities in which we live. We must also consider the geopolitical future. In this case I do not exclude wider contacts between our state and the world community—political, economic, cultural. So you would certainly agree that these are questions involving the state as a whole, and not just particular questions.

[Aleksandrova] As long as you have alluded to particular questions, let me ask you one of precisely that sort. Won't the changeover to Roman from Cyrillic create somewhat of a shock?

[Soyegov] As I understand it, you're asking me if entire generations that have learned to write and read in Cyrillic will find themselves to be illiterate? Is that what you're asking? Well, the question is no surprise, because this position has been voiced in the course of the debate. From my point of view it is serious enough not to be treated as a panic question. I would like to offer my argument in opposition to this point of view: Give me just one person who went to general secondary school (I'm not even talking about other educational institutions) who would not be familiar with the Roman alphabet. Foreign languages—I'm thinking of German and English—are still in our educational program. So is there any reason for panic? I do agree, though, that in order to make conversion of Turkmen speech into the Roman alphabet possible, we will have to master new spelling skills. We will obviously have to acquire these skills. But no one is going to prohibit a person from using the alphabet that he knows, or from reading what is written in that alphabet. Mastering the Roman alphabet will be easier for youngsters, who will begin studying it in school from the first grade. And anyway, all innovations involve a time of transition.

[Aleksandrova] Myratgeldi Soyegovich, allow me to state our president's opinion: He believes that we have all of the possibilities for reforming the alphabet. Certainly the time for reform has truly come. Once again I have a particular question. On what principles did the group of developers to which you belong base itself in making up its variant of the Roman alphabet? You said that Academician Pigam Azimov, the elder of all Turkmen linguists, acted as the group leader.

[Soyegov] One of the principles was that the version of the alphabet that is adopted must not make its mastery difficult. In our variant there are 30 letters, as in the one before, which served us prior to 1940. Sounds pronounced similarly are designated by the same letter but with an added symbol. In setting up our variant of the alphabet we based ourselves not on dead Latin but on modern related and unrelated languages using the Roman alphabet. We will doubtlessly need to reexamine a number of orthographic rules. The process is unavoidable. But all of these are just elements of a problem that specialists in linguistics can and must solve. We have a sufficiently strong potential for this. And the fact that our institute has become an independent subdivision of

the national academy of sciences also says a great deal. First of all about the significance which the state attaches to development of the linguistic culture of the Turkmen people. Language is a part of their general culture, of their development, and if it is our goal to create a socially proper, civilized state with a highly developed economy, we have to think about raising our culture. The alphabet is only the clothing of a language, if you would permit such a comparison.

[Aleksandrova] Myratgeldi Soyegovich, you mentioned the strong scientific potential of the institute, which can quite rightfully be treated as evidence of the maturity of scientific support to linguistics, and which will obviously make it possible for us to solve the orthographic problems of the forthcoming reform faster. Without this, it would be impossible to teach and study the language. In any case, are we going to have to begin work from ground zero?

[Soyegov] Why from ground zero? No innovation is able to survive without the use of experience, even if it is rejected for some specific reasons. The 12 years in which Turkmen used the Roman alphabet enriched the history of linguistics with many useful tools. It's just unfortunate that as a result of the repressions of the 1930s, Turkmen linguistics lost a number of talented scholars.

[Aleksandrova] Myratgeldi Soyegovich, do you feel that conversion to the Roman alphabet will make it easier for citizens of our state who speak other languages to learn Turkmen?

[Soyegov] In this case I would want foreign-language readers to view this as a personal opinion: I feel that the reform will not cause additional difficulties. Moreover, mandatory mastery of the alphabet and written language is not required of everyone in our state who speaks a different language. The Law on Language foresees mastery of only conversational or daily speech. Beyond that, it's up to the individual.

[Aleksandrova] Let's assume that the reform is no longer an issue. When in your opinion will the actual changeover begin?

[Soyegov] Until the conference arrives at a specific decision, I can only discuss a tentative date—the beginning of 1995. But before this, the reform will have to be documented legally, which is impossible to do at the present. Prior to 1995, even if a positive solution is reached this year, a great deal of work of content that would not be difficult to guess at will have to be done. I would like to emphasize once again that the job of linguists is to provide scientific support to the reform. I am certain that the problem will be solved comprehensively. I am also certain of another thing—that the changeover will not be painful.

[Aleksandrova] One last question, a naive one perhaps: Is it going to be difficult for you personally to switch

from Cyrillic to Latin in your daily work? You are a specialist in linguistics, but you write in Turkmen, using the Cyrillic alphabet.

[Soyegov] No, your question is not naive. This question is just as important to me personally as to everyone else. Perhaps I do have fewer problems with languages. As for my specialty, if you're interested, I am a scholar of Turkic languages. My doctorate dissertation was on the syntactic system of Turkmen literary language in the

Soviet era. Research on this question has given me a great deal of food for thought, which has turned out to be very useful today.

[Aleksandrova] Thank you for this commentary. Will you participate in the forthcoming conference? We would certainly hope so.

[Soyegov] I intend to.

AZERBAIJAN

Procurator On Russian-Azeri Relations

93US0044A St. Petersburg SMENA in Russian
25 Sep 92 p 2

[Azerbaijan Procurator Ibragim Tatiyev interviewed by Vladilen Tyulyayev: "KGB Agents Urged People to Settle Scores With Russians in Azerbaijan"]

[Text] The fate of our fellow countrymen who now find themselves in the near foreign countries remain a favorite card in the games of various political forces and mafia groups, on the one hand, and a common concern for us all, on the other. Suffice it to recall the slogan of profascist forces—"cleanse Russia of people of Caucasian nationality," the OMON riot squad's ill-fated raid (reminiscent of a pogrom) at the Nekrasovskiy Market in St. Petersburg, and the threat that was made by the victims, who were merchants from Azerbaijan: "Remember that 500,000 Russians live in our republic."

The situation with respect to "friendship among peoples" in Azerbaijan is the subject of a discussion on SMENA's pages today between Vladilen Tyulyayev, a member of the St. Petersburg United Lawyers Collegium, and Ibragim Tatiyev, Azerbaijan's deputy procurator general.

Note: I met Ibragim Tatiyev less than a year ago. At the time, he was working in an investigative team of the Baku City Procuracy and dealt with "deaf cases"—unsolved crimes that were considered hopeless. On another visit, I learned that Tatiyev, after solving several "deaf" cases, had brought charges of murder and a number of other grave crimes against a prominent official of the Azerbaijan KGB and, after overcoming powerful resistance from the republic's authorities at the time, had arrested him. At the time I speculated that if the daring procurator's days weren't numbered, surely the hours of his service in the procuracy were. Imagine my surprise when in August of this year, on another trip to Baku, I heard that the republic's president had appointed Tatiyev to the post of deputy procurator general. True, the sensational case, after being forwarded to the Supreme Court, has been stalled there for several months now.

On meeting with the former investigator, I decided at the same time to verify the truthfulness of the Yugoslav proverb: "If you want to get to know a person, give him power."

Our conversation invariably turned to the events in Karabakh, which affect the republic's domestic as well as foreign affairs, and I of course was especially interested in Russian-Azeri relations of late.

[Tatiyev] I take an exceptionally serious view of that problem. Let me recall the position of our president, Abulfaz Elchibey: We must not strain relations with the Russian-speaking population, but rather work to achieve

harmony. When necessary, we must provide firm protection against nationalistic manifestations. The republic procurator takes an identical position. Victims can report threats, unlawful actions, and violations of the rights of people who speak other languages to law-enforcement agencies or local chapters of the Popular Front of Azerbaijan; the press, radio, and television have publicized the number of a confidential hotline that people can also use to request and get help. In the procuracy, Galina Porfiryeva, a deputy administration chief, is in charge of cases involving ethnic relations. The work that we are conducting on the basis of the Universal Declaration of Human Rights is bound to bear fruit and will alleviate the urgency of this problem. Especially considering the fact that Russians and Azeris don't have to share anything: There's enough hot sun, sea, work, and bread for everybody. And I want to remind my fellow countrymen who live outside Azerbaijan that we now have our own homeland, and that they needn't feel like second-class citizens—much less make themselves second-class people. On the basis of their deeds, people make judgments about all of us.

Incidentally, this problem also has another aspect. Passions between Russians and Azeris are often incited artificially.

[Tyulyayev] What is your conviction based on?

[Tatiyev] On the materials of criminal cases that I have dealt with. These materials give me grounds to assert that certain circles, reluctant to part with their positions and posts (which in the old Azerbaijan gave them with a truly idyllic life and placed them above the law), are deliberately trying to exacerbate tensions. There are examples in which, during the events of January 1990 in Baku—about which we have yet to hear the full truth—bawlers were calling for war with Russia, organizing pogroms, and seizing apartments. In the years after that, they supported Mutalibov, and just recently they raised an outcry over the alleged illegality of the elections and the coming to power of the new, democratic leadership in the republic. On investigating these cases, we learned that these bawlers were KGB agents with extensive experience in staging provocations. And when refugees from Karabakh began arriving in Baku, these same "champions" urged them to seize Russians' apartments.

Note: Tatiyev takes an implacable attitude toward those who break the law. There will be no leniency for them. All will have to answer for their deeds, regardless of their place of work, party convictions, or attitude toward the Popular Front of Azerbaijan. The new deputy procurator general has already rescinded a number of illegal decisions to drop criminal charges and has resumed investigations of such cases. He is not bothered by the fact that they affect the interests of certain high-ranking individuals, and in some cases of mafia groups and corrupt structures.

[Tyulyayev] Do you ever think about the fact that you could share the fate of Italian colleagues who have given

their lives in the struggle against the mafia? After all, finding weapons and using them is no problem in Azerbaijan today, and not a night goes by without shooting.

[Tatiyev] Yes, I realize that at the entrance to my office or on the street a figure with an assault rifle could appear before me, and a fatal burst of fire could ring out. Especially considering the fact that I have no bodyguards and am not armed myself. But my death will not alter the course of history. And so I will not waver from my goals, even if I have to give my life for our cause. And I'm not the only one who feels this way; the ranks of people who think the same way I do are growing.

GEORGIA

Shevardnadze Faces Political Problems

93US0047A Moscow ROSSIYSKIYE VESTI in Russian
17 Oct 92 p 2

[Article by Petr Akopov and Andrey Kolesnikov: "Will the Georgian Leader Be Able to Halt His Country's Collapse? Shevardnadze's Last Chance"]

[Text] Tbilisi-Moscow—After several gloomy days, the sun has come out in Tbilisi. The change in the weather took place on the day of elections of the parliament and its chairman, so it was quite possible for Tbilisi residents to see this as a good sign. "I find it awkward to give the number of people who voted for me because it reminds me of communist times," said Eduard Shevardnadze in an exclusive news conference on the results of the elections. In spite of the fact that before and during the elections there was no dearth of extremely high-sounding "toasts" to Mr. Eduard, and he himself held forth on the fate of Georgia with somewhat exaggerated emotion which is incomprehensible to, as it were, the Russian ear, the republic did indeed make its choice. The hope for peace and stability is linked to the name of Shevardnadze.

"I dream of hunch-backed Tbilisi...."

Mandelstahm's "hunchbacked Tbilisi," or the Georgia we know from the films of Ioseliana and Daneliy, has receded into the past. It is a different city, a different country, and different relations.

The city is literally living at half-strength—it is saving on fuel (which, understandably, is needed for other purposes) and electric energy. When darkness falls it is as though Tbilisi dies and rounds from automatic weapons can be heard during the night. There are many armed people on the streets, and sometimes—and this is obvious—the weapons end up in the hands of people who have no right to bear them. All this creates a "special" atmosphere, which is felt even in the Old City.

The famous Rustaveli Prospekt is gradually being rebuilt in those places where it was given a new image through basic military activities during the time of the undoubtedly justified expulsion of ex-President Gamsakhurdia.

Tengiz Kitovani, the current defense minister, is a sculptor by trade. "Where is the exhibition of Kitovani's sculptures? Where can one see his creations?" asks a character from a local anecdote. "On Rustaveli Prospekt," is his answer.

The Shevardnadze Factor

Against the background of other political figures Eduard Shevardnadze looks like a person whose policies suit the majority of the population and politicians of Georgia. When the Abkhazian military formations took Gagra, in the State Council, because of Shevardnadze's absence, the statesmen were unable to adopt any reasonable political decision. The well-known writer Chabua Amiradzhibi, when we interviewed him in the corridors of the State Council, called Shevardnadze a great person (at the same time, true, in a polemical outburst, Mr. Chabua for some reason insisted that the great people also included Stalin, and Ordzhonikidze, and even Beriya. "A murderer, a scoundrel, but what a murderer!" the winner of the Shot Rustaveli prize told us).

The attitude toward Shevardnadze taken by several political forces, of course, is not so unequivocally positive. And in this situation a lack of disagreements would be unnatural. But, according to Deputy Prime Minister of Georgia Aleksandr Kavsadze, there are no serious disagreements in the State Council. At one news conference in response to a question about the opposition Shevardnadze himself asked: "What opposition?"

At the same time it is well known that there are serious disagreements among members of the presidium of the State Council, which will play a decisive role in the new republic parliament and in the super-parliamentary organ which is expected to be created soon.

In Shevardnadze's words, this organ, to be called the Defense Council or National Security Council, will be headed by the chairman of parliament himself. The Defense Council will coordinate the activity of legislative and executive branches of power. And Shevardnadze called the council parliamentary, which, of course, is not quite justified legally. One must say that he sometimes makes mistakes in wording. For example, regarding the attack on a helicopter in which Shevardnadze was riding, in his own words, he "gave instructions to bring criminal charges," which is quite inadmissible from legal standpoint.

Returning to the problem of the Defense Council, one should note that the creation of this organ is a key part of Eduard Shevardnadze's program. Having assured the voters that he is one of the principal supporters of separation of powers and the transformation of Georgia into a classical parliamentary republic, Shevardnadze announced that the institution of the Defense Council "is necessary if only so that later the parliamentary republic can be strong, stable, and reliably protected."

In his campaign rhetoric Shevardnadze came up with a strange mixture of Marxist, perestroika, and modern

turns of phrase. What else than the communist past can explain, for example, Eduard Amvrosiyevich's use of the following terms: In Georgia "there is occurring a process of a great historical change: One socioeconomic formation is being replaced by another."

Shevardnadze's significance and influence are determined largely by his international authority. He has repeatedly emphasized that Georgia is actively supported by the United States and the FRG. Shevi proclaimed the Euro- and Americano-Centrist orientation of the Georgian Republic. While previously Shevardnadze asserted that for Georgia the sun rises in the North, now it will rise in the West. But....when will the Georgian sun start rising where it is supposed to?

One of the main problems Shevardnadze will have to solve is the creation of unified and professional armed forces. Here he will have to simultaneously balance the interests of several political figures who are in charge of Georgian military formations of various stripes. And this is a difficult and even a dangerous thing. Another key problem is the regulation of the Abkhazian conflict and the smoldering conflict in South Ossetia (Shida Kartli or Samachablo, as this region is called in Georgia).

The Shevardnadze factor has much less of an influence in this delicate sphere than it does in international relations. The more so since many political figures, particularly Georgian People's Front leader Nodar Notadze, reproach Shevardnadze for an extremely soft national policy and demand harsher measures. In a certain sense Shevardnadze is a hostage of the political situation that has developed, a personified regressive political factor. Not to mention the fact that supporters of ex-President Gamsakhurdia are continuing their essentially terrorist war against the current Georgian leadership.

Shevardnadze's national doctrine is based on the principle of Georgia's territorial integrity, which practically all Georgians share. And the Russian leaders should take this circumstance into account in their policy. Yes, Georgian troops were brought into Abkhazia under the ridiculous pretext of "protecting the railroad from terrorists," and the conflict was essentially provoked by the Georgian side. But still one must pay attention to the psychology of the Georgian people. And one must understand their political preferences.

In the first stage, the stage of hope, the Shevardnadze factor played a decisive role. What will happen next depends on thousands of factors.

Russian-Georgian relations

Discussions with the most diverse people, beginning with the writer Amiredzhibi and ending with one of the field commanders of "Mkhedrioni," convinced us that Shevardnadze is suppressing anti-Russian feelings with an extremely heavy hand. Including in himself.

The author of the famous novel "Data Tutashkhia" in a conversation with us angrily denounced Russia: "Russia has always betrayed us, always!" Regrettably, one must admit that a large part of the Georgian intelligentsia is not only not opposing the growth of anti-Russian sentiments but, on the contrary, is fanning nationalist sentiments in all ways. In the many-century history of Russian-Georgian relations, today's events will mark one of the worst periods, but they cannot cancel out the actually friendly ties that have bound Russia and Georgia, the Russian and Georgian cultures, over past centuries. Accusations against Russia of an anti-Georgian policy can now be heard in Tbilisi from any political figure or resident: from extreme nationalists to turncoat communists. Add to this the practically complete lack of any elements of self-criticism (with the exception, perhaps, of dissatisfaction with actions of the Georgian army) and anti-Muslim sentiments, and you will get an idea of the condition of the public consciousness in Georgia.

The fact that the Abkhazian conflict grew into a war was no surprise to attentive observers: The first sparks of Abkhazian-Georgian opposition were seen as early as 1988, that is, by the time when problems with South Ossetia began to appear in Tbilisi. The Georgian national movement, which had become strong everywhere during 1988-1989, caused the autonomous entities to be worried about their future. But it must be noted that it was at precisely that time, during 1988-1989 under the communist regime, that they planted the seeds of hatred and mistrust, whose bloody fruits are being reaped by everyone in Georgia today: Georgians and Abkhazians and Ossetians. It would be impossible and unfair to try to blame any of the parties for all the events taking place today, as politicians and journalists frequently do. An immense amount of responsibility has lain and does lie on the shoulders of these peoples who have become enemies and on the national intelligentsia. The majority of political figures were not only unable to lead their peoples away from the abyss of fratricidal war but, on the contrary, many chieftains made their names and careers from the interethnic opposition.

And today, even if he really wanted to, Shevardnadze could not manage to include in the text of the future Constitution of Georgia provisions guaranteeing autonomy for South Ossetia and Abkhazia. The Ossetians can hardly hope for any form of self-government. Official Tbilisi is not yet so categorical regarding Abkhazia, but the majority in parliament will probably be able to offer the Abkhazians only some facsimile of autonomy with minimum political rights. Beginning in August, when the Georgian-Abkhazian conflict grew into war, many politicians began to use against the Abkhazians extremely harsh statements which were previously applied only to the Ossetians: "Let them move to the Northern Caucasus or Saudi Arabia and create their parliament there!" (Chabua Amiredzhibi). Help for Abkhazia from the Northern Caucasus mountain peoples served as a good pretext for talk about "Muslim beasts" and about Chechen and Abkhazian head hunters. One

more step and everyone will forget that the Abkhazians are the original Caucasians, who have lived on this land longer than the Georgians have.

For Georgia 1-4 October were black days: As a result of the rapid counterattack by the Abkhazian mountain detachments, Gagra, Gantiadi, and Leselidze were captured, and the Georgian army suffered a bitter defeat, sustaining great losses and demonstrating its utter lack of combat readiness. After these events the Abkhazians finally relinquished their title of "major enemies of the Georgian people" to the mountain peoples and Russia. The monstrous behavior of Chechen fighting men in Abkhazia and the minute details of the destruction of hundreds of peaceful Georgian residents in Gagra are spreading fear and panic throughout Georgia. Now it is difficult to tell the extent to which the information given by the Georgian press about the cruelty of the mountain men corresponds to the truth, but there is no doubt that the war is being waged without observance of any general human norms or principles.

"Russia is to blame for all this; they were the ones who allowed the mountain detachments to penetrate into Abkhazia and then gave them heavy equipment, including T-72 and T-80 tanks"—such is the Georgian point of view. Eduard Shevardnadze announced at a news conference after the elections that "Russia is assuming the role of one of the participants in the conflict." The Georgian leader called for "relying on our own forces" and warned, "If we have to fight against certain forces in Russia, we will fight. The people are ready. If we have to, we will all die, but we will not give up our land!" Of course, such statements sound good to a Georgian audience, but they can hardly lead to peace. Russia does not intend to go to war with Georgia, and let us hope that nobody in Tbilisi takes seriously the idea of war until victory.

At the present time Russia is not capable of actually controlling the situation in the Northern Caucasus, and if the Abkhazian-Georgian conflict continues to grow into a Georgian-mountain people war, Russia's position in the Northern Caucasus will be undermined once and for all. People in Tbilisi should understand that Moscow too is interested in eliminating the Abkhazian hotbed of tension. Unfortunately, a number of ill-considered, simply incorrect steps on the part of the Russian leadership have led to significant deterioration of both Russian-mountain people and Russian-Georgian relations. The Kremlin leaders have ended up between a rock and a hard place: Nobody is happy with them either in Tbilisi or in the Northern Caucasus. The Russian leadership, fearing that control over Abkhazia will go completely to the Confederation of Peoples of the Caucasus and its patron, Dzhokhar Dudayev, were partly compelled to intervene actively and undiplomatically in the Abkhazian conflict. Possibly they did not choose the best option, and Moscow's lack of a clearly developed policy for action with respect to the Confederation of Peoples

of the Caucasus heretofore also had an effect. But in the situation that existed it is possible to partially justify Russia's behavior.

When accusing Moscow of giving arms to Abkhazia (incidentally, the Russian authorities deny this) in Tbilisi they "forget" about the fact that Georgia—which, incidentally, is not a member of the CIS—had already, without prior arrangement, received from the army of the former USSR twice the quantity of arms allotted to it under the Tashkent agreement.

The Georgian home guards who defended Gagra recall that during the attack of the mountain people all hell broke loose in the city: After a large artillery preparation fires were set and, attacking from two sides, they broke into the city and it was already impossible to figure out who were their people and who were the enemy. "I simply fired at any moving target," said one of the surviving Georgian chaps. These words are a kind of metaphor for a senseless war and suicide in a country that is delirious and blinded by nationalism. Possibly its leader, who himself at one time proclaimed the new thinking, can convince his people of the priority of general human values not only over class values but also over national interests. And being a professional diplomat, he may find a way to regulate the conflict peacefully.

Correspondent on Situation in Abkhazia

93US0045A Moscow SOVETSKAYA ROSSIYA
in Russian 17 Oct 92 p 3

[Article by Yu. Lakerbay: "Our Special Correspondent Reports from Abkhazia—Battles and Dreams"]

[Text] There was solid cloud cover from Vnukovo airport to the landing in Adler. During the landing approach, I was stuck to the window—I wanted to see from altitude the little town of Tsandripsh, which was renamed Gantiadi during the Beriya epoch. What is happening there, on the front line?

I looked in vain, my friends told me at the airport. It has already been three hours since everything ended. At 7:30 in the morning, the fighters from the Abkhaz home guard and volunteers hoisted the republican flag on the border with Russia.

The battle was brutal and fast-moving. They wavered and took to flight, leaving combat equipment behind and hurling automatic weapons into the river. They surrendered to the Russian border troops, in order not to fall into the hands of the home guard.

But what about the great strategist, commander in chief Giya Karkarashvili? Is he "a young person who is zealous and who loves his motherland," as he was publicly described by Eduard Shevardnadze? I will mention: Out of great love for the motherland, this zealous

young person was not averse to sacrificing 100,000 Georgians for the destruction of the whole Abkhaz nation.

But how did he do it?

He sacrificed...by saving himself. He abandoned his comrades in a mountainous forest and ran away to Sukhumi on a specially sent helicopter. I think that a patron saint will forgive such a sin, but the young Giya very thoughtlessly left a colored map in the headquarters. At first glance, it is nothing special. "Map of the Former Great Georgia." This is the headline. The sub-head: "Georgian Democratic Republic in boundaries recognized by the world League of Nations." If one is to believe this map, parts of the territory of today's Azerbaijan, Armenia, and Turkey belong to Great Georgia.

However, if during the time of Noy Zhordaniya these lands really were within the borders of the Georgian Democratic Republic, there is nothing in particular to be surprised about. It is not a big deal, but it is a joy to the heart. But there are also lands there from Psou to Tuapse, and the mountainous rayon on the border with Ossetia. An added bonus, so to say. A heavy one. As a gift to the Russian president from former party comrade Eduard Shevardnadze.

Not bad, right? Diplomacy with a sweep. You, Russians, give us tanks and aircraft, and we in behalf of the integrity of Georgia are destroying the Abkhaz autonomy, we are consolidating ourselves on the border, and one fine day we will unfold this very same map before you: Move back a little, good gentlemen, to Tuapse in good time!

It is not as if this map had been lying in an office of some kind of a Georgian party, or even in safes of the State Council. I remind you: It was in a military headquarters! It is true that as yet the restoration of Great Georgia has not panned out. There is a flag on the Abkhaz border—a red square with a palm open to the world against a white-green field. Poor Giya....

...A saddled horse in the middle of a standard city courtyard, and a five-storied building of the Khrushchev type in the square. It is covered with black felt.

An Abkhazian is being buried? No, a Cossack—Anatoliy Mayatskiy. He was the first to go on the attack, and he got a sniper's bullet from a Latvian woman. Just a little below his Astrakhan hat. In the forehead. He was 42 years old. He was the father of a grown son. An ordinary Russian person, and he understood very well what the politicians were concocting. The dead are mute, but their deeds speak for them. He once went voluntarily to protect a neighbor—so the people of Abkhazia felt a threat to their homes as well. He knew: Connivance with evil is a sin. It has to be stopped at the outset.

Shevardnadze is setting a condition for the government of Abkhazia: Return Gagra and the rest—up to the border with Russia. Not in a whisper; he declares this to

the whole world! A voice crying in the wilderness? Well, no. You see, already even the chairman of the UN is echoing him, and he shakes the hand of this "great" diplomat. But what is to be done with Anatoliy Mayatskiy? With the Russian and Abkhaz nurses in Gudauta morgue? With the four homes of the family of Dzapsk-ipa, which were burned to the ground in Gagra? Not during a battle—but on the fifth day of the occupation. With the family of an Armenian who was left without shelter after a combat run by an SU-25?

With the 16-year-old boy who knocked down this SU with a surface-to-air missile?

With the Georgian volunteer for whom in the end God and justice were higher than national origin? We have cooked up a mess. It has turned out to be too hot. Is there anyone who would like to cool it off and spoon-feed us?

This is not manly. Even for a diplomat

The front line in Esheri—three kilometers from the river watershed. There is no calm. Frequent firefights and bombings. There are four young men in field uniform in the bus that is carrying the correspondents. They are Leningraders (as published). Aleksandr Arkhipov (he knocked out a tank and in several seconds was wounded in the shoulder by shell fragments) said: "There are 14 of us. Countrymen. We became acquainted in the Dniester region. Now we are here. From the very beginning..."

His eyes suddenly became sad. After a pause: "Not all of us. We buried Sergey a month ago. In St. Petersburg."

In St. Petersburg, where they are treated like strangers—more than coldly. They shut the doors of civilian and military hospitals.

Here it is different. Thank you for coming. Even if you do not fire a single shot!

There is mutual assistance and brotherhood—in everything. As for the so-called Georgian Army, it, in Aleksandr's opinion, is doomed to defeat. He cites an example in confirmation:

"After a battle, we removed those who had been killed. They did not. They lie for a day, two days, a week. They decay. We contact them by radio—take your people—we will not fire on you. In answer: 'They did their job, let them rot!...' I do not know who they are—criminals or drug addicts—but nonetheless, they died in battle. They still deserve two meters in the ground..."

Those are really some customs!

"But we," he adds, "sometimes lose three men in order to recover one wounded man..."

Well, like begets like.

Then I saw the commander of these men in Lykhny. At the table of the honorable presidium of the first World Congress of Abkhazians. In field uniform, wearing a beret. A contrast to the respectable guests from Holland.

Turkey, Germany, Syria, Jordan, and America. The contrast is purely external, because all—from the field commander to the businessman—are united in this hall by one fear.

Taras Shamba, doctor of juridical sciences, a well-known public figure from Moscow, was unanimously elected president of the World Congress of Abkhazians. I approached him and asked:

"What is the program of the congress, as a sociopolitical organization?"

"The main task now is to promote the liberation of Abkhazia. But the devastation and the paralysis of economic relations will remain. There are those who want to invest capital in the construction of a new Abkhazia, and we must help them in this."

"The position of the congress with respect to Russia?"

"Much depends on the sovereignty of Abkhazia, which we have yet to confirm. I do not exclude the possibility of concluding a federative treaty with Russia together with

the other North Caucasus republics; certain circles in the Russian Federation are stirring up an anti-Caucasus hysteria, and they are supporting an increase in military assistance to North Caucasus. The Confederation of Mountain Republics in a union with Russia—this is the ideal that ensures the protection of the small nations. The Abkhaz-Georgian conflict has taught us a lot."

"What do you see as tomorrow's Abkhazia?"

"A little Switzerland. A demilitarized zone, where nobody's rights will be violated."

"The state system?"

"A parliamentary republic. Compliance with the principle of parity, when the indigenous population is granted certain advantages."

"But what about the army? On a national basis?"

"On an international basis. The homeland is the same for everyone."

LATVIA

Principles, Activities of "Club-21" Given

93UN0044A Riga LAUKU AVIZE in Latvian
No 39, 25 Sep 92 p 7

[Article by D. Lemesonoks "The Invisible Hand? ..."]

[Text] Almost nothing is known about "Club-21" in Latvia, but different conjectures are being made by various "circles". What sort of "animal" is this?

"As a result of the activities that occurred behind the scenes in the Supreme Council, the leadership of the Latvian People's Front (LPF) faction has gone over into the hands of 'Club-21', and at present, the majority of deputies remaining in the faction are participants in the above-named club. The faction has broken almost all of its ties to the LPF organization. While I don't want to criticize everything that 'Club-21' and the LPF faction do, I don't find Masonic methods acceptable in political activity. Activities without a program and with restricted openness, with an elite membership of club participants with particular backing, who attempt to promote their own to responsible national positions, combining political elitism with financial oligarchy, these are evidently Masonic signs, which I see in the activities of 'Club-21'."

The above was a quote from Deputy of the Supreme Council of the Republic of Latvia, and member of the provisional leadership of the soon-to-be-founded Democratic Center Party, Juris Celmins (from the newspaper, "Tukuma Zinotajs").

Another Supreme Council deputy, Vladlens Dozorcevs, also called "C-21" a Masonic lodge. It is said that this club is pushing itself into the power structures.

Supreme Council deputy and leader of the Conservative Party, Valdis Steins:

—It is the club of the new, democratic, proteges of the ruling circle. It only admits those without party affiliations—so that, in fact, it is actually a party, as we have unofficially admitted. We, Conservatives, view "C-21" in a negative light, although our relationship is neutral.

Financiers are on the side of the club. It is now assuming post after post in the power structures. Just in the Parliament, their people are: Deputy Chairman of the Supreme Council, Valdis Birkavs, Assistant to the Chairman of the Supreme Council, Karina Petersone, LPF faction leader, Indulis Berzins, and his deputy, Andrejs Pantelejevs, and also other deputies, leader of the Secretariat of the Supreme Council, Juris Dobelis, press corps leader, Sergejs Ancupovs. In the administration—Minister of Education, Andris Piebalgs, and Transportation Minister, Andris Gutmanis, Deputies to the Minister of Foreign Affairs, Maris Gailis and Martins Virsis.

The club is considered to have started with the publishing by various newspapers of the New Year's greeting to the inhabitants of Latvia by 21 men. That is also the only known listing of club members—founders. Besides those mentioned above by Steins, participants in the greeting were also Martins Arnis (Supreme Council deputy, head of "Stalgene" agricultural firm), Helmut Balderis, poet, Leons Briedis, Janis Bunkss (leader of the Municipal Union, Mayor of Jelgava), Maris Graudins (Latvian-American, head of the firm "Baltic Trade International"), Imants Kalnins, Ojars Kehris (chairman of the Economic Commission of the Supreme Council), Janis Krumins (Supreme Council deputy), Vladimirs Kuliks (president of the Commercial Bank of Riga), Zigmars Liepins, Egils Levits (Latvian Envoy to Germany), Juris Podnieks, Olafs Pulks (head of the Latvian TV news corps), Maris Steins (head of the Supreme Council's office), the philosopher Igors Suvajevs, and Valdis Valters.

This organization, through long conversations in the company of good friends, has been slowly "piped in" as an official society, registered by the Riga Central District Executive Committee. The club was founded on February 7, 1992, with the name "Europe -21". Its statutes contain specific goals—to protect an individual's initiative, economically, to promote the development of a free market, to attain decent living conditions for people, to support culture, education, art, science and sports, to transform Latvia into a blossoming European nation. "C-21" has also assumed the dissemination of other liberal ideas to the masses ("A person's freedom is more important than the state's interests"); it promotes the flourishing of the Latvian people, which can be achieved through civic harmony and compromise.

To lead "C-21", a president was elected—former press photographer and now deputy Janis Krumins, and three vice presidents—Valdis Birkavs, Vladimirs Kuliks, and Juris Podnieks.

So far, the club's main activity has been its Friday night meetings at the Reiterns House. Each club member can bring one guest to these, but must be well dressed, since foreign diplomats are frequent guests.

Socially significant questions are discussed at these meetings. Janis Krumins calls this a "stock exchange of ideas". The club invites experts, and even Gorbunovs and Godmanis haven't refused. Lectures on rural questions have been presented by Vilnis Baltais and Vitalijs Teivans, and Minister Dainis Gegers has also paid a visit.

The official part is followed by a pleasant chat over a glass of something, or a concert. For these business-minded people, such get-togethers are almost the only opportunity they have to relieve their work-week tensions in a cultural surrounding, to have an intimate conversation with their peers, to take their wives out socially, because the club folks are modern—in the way they dress, as well as in their views and activities. They

orient themselves towards Europe, good taste and culture, because plebeian restaurant banquets, where the common business public "unwinds", are unacceptable.

The main focus of the club's activity is on "pure" business, politics and culture. The "C-21" membership is close to one hundred. The majority of members are Latvian.

To become a member of "C-21", one supposedly has to collect endorsements from 21 club members.

—Gossip about how we only attract influential people is ridiculous—if we wanted to, we could have greatly enlarged our roster of "official stars" long ago—such is the opinion of the club president, Janis Krumins.

An apparatus of white-collar workers is being formed within the club. Regional clubs are being founded in Jelgava and Liepaja. There is a youth offshoot "21 x 21". Teenagers and young adults faithful to liberal ideas are united there (as confirmed by the majority of those working in the apparatus of the Supreme Council).

"C-21" supposedly has no money or accounts in the bank. Expenses are partially covered by money from members, who, according to the statutes, have to pay, by the 21st of each month, 21 units of whatever type of currency is in circulation.

Why has the number 21 become the club's symbol, its ritual component? Club members have drawn a parallel association with August 21 of last year, Latvia's *de jure* recognition in the year 1921, the 21st paragraph of the civil rights declaration (the right to form organizations), and have even gone as far as naming the lucky number in the card game "21".

The rest of the club's expenses are paid by the fund "Latvia in Europe", which, besides the participants mentioned (Arnitis, Kuliks, Podnieks), was founded by Gunars Slavinskis, president of the firm "Forums" (sponsor of beauty contests), Mihails Gurevics, head of the firm "Interpegro", and Viesturs Koziols, head of the firm "Adverss".

Bank president and club vice president V. Kuliks has called the club's activities "civilized lobbying".

Indulis Berzins:

—We are not fighting for power, but are looking for peers who share our ideas, and thus spread the club's influence throughout society. By attracting people from business or the state apparatus through ideas, proposals and projects, we reap greater benefits, than if we were to more or less legally get a hold of some power structure, or institution, and place "our people" in it.

(Lobbyists are workers in certain firms or organizations whose role is to influence deputies and officials into adopting advantageous laws or resolutions.)

So what are the ideas of "C-21"? The main one is the economy, because a nation can only be made strong through rich citizens. A middle class has to be created—the most stable cornerstone of a decent nation. The club's businessmen are interested in an early blossoming for Latvia—their stores won't have shoppers in a poor country, but the banks—are looking for depositors.

The club's goal is to preserve "common sense control" over the nation, even in times of disarray and ruin, to create a "consciousness revolution" in the minds of Latvians. Latvia has to make a choice—to be either a normal nation, or a caricature of one—a "banana republic".

—The historian in exile, Edgars Andersons, said that Latvia was destroyed in 1940 because its citizens had lost their desire for national perseverance, exchanging it for dependence on a leader and political lethargy, created by the lack of democracy—so says J. Krumins.

—I am unable to call the people in my nation a bunch of jerks, the way Ivans did. It is simply that society is sick, and has to be cured. We have to learn to think and care for ourselves, not perpetually rely on the government, Parliament, the rich uncles from America. Unfortunately, too many have wasted their energy on envy and slander—like the small parties that think they can get ahead by lying about others. In newspaper columns, the brighter minds are whining and killing any sort of desire that the people may have of getting down to work.

The Latvians became overly involved in meetings—while others started earning money. That is why the club is interested in increasing the representation of Latvians in Latvia's businesses through practical examples, because if they don't give it a try, Latvians won't stop griping that peddling is foreign to their people.

Those people, who started gathering at their little club a year ago, said—if this is going to be a political organization, I'm leaving! Now they are saying—hey guys, let's do politics!

We believe in the people's common sense. At the critical moment, they will say—Latvians don't want to play ball in a territory closed off from the outside world, blindly repelling foreign capital and being enthusiastic about their decline. The people have the right to choose their ball game—this won't be a major tragedy. However, I don't believe in this. There is such a thing as a nation's instinct for self-preservation. People will not vote for those who are all talk and no action, but will vote for those who have been observed in jobs demonstrating their ability to take on the responsibilities of a state office and their competence in providing for an economic upswing—says Krumins.

—I have never been a member of the Latvian Communist party, and that is also why in 1988, on behalf of the Latvian National Independence Movement, I felt

comfortable collecting signatures for Latvia's resignation from the USSR. You, the "Lauku Avize" employees, also signed up for that. And yet, the LPF leadership, (now founders of the Democratic Center Party), criticized this action the most. Ivans called me a fragmenter.

Leaders of our enemy party personally made the rounds of the firms run by club members, and asked them for money. Many contributed, and still do so today. That is the contributor's private business, in which, according to the statutes, the club cannot interfere. In the same way, I haven't told the reporters who belong to the club how to write. That would be bolshevism, which we cannot accept—stated Krumins.

The newspaper "DIENA" even refuses to publish neutral articles about culture—to show that they are not involved with the club. As if nobody knows where the money to support this "independent" newspaper comes from!

—There are men in the parties who have confessed to us that they are sympathizers of the club, but are too cowardly to change positions. It just may turn out, that in the near future, there will be a sensational admission of new members—and I'm not allowed to say any more.

Let's not pretend that nepotism and fraternization, patronage, the power of money over politics, the brainwashing of voters, and the hiding of selfish interests under the cover of patriotic slogans are foreign to a democracy. These sins are just as ancient as democracies, themselves, and were already fully blown in the citizens' meetings of ancient Greece.

Clubs—closed organizations, which bring together folks with similar political or economic interests—appeared as the forerunners of parties in London in the sixteenth century—the cradle of Western parliamentary democracy—and they still have a great deal of influence in Great Britain's "halls of power". Clubs were founded by French revolutionaries in the eighteenth century, and Czech anti-communist dissidents in the 1960's. In every country, today, you can find organizations similar to "C-21" (which collaborates with various liberal clubs abroad). As long as there is no breaking of the law, clubs can fearlessly attract new members and forge their plans—whether anyone likes it or not.

Masons, or Freemasons, are described by the encyclopedias as an international religious ethical movement, which honors God and advocates brotherhood among men. The largest centers for Masonic activities are the United States, Great Britain, and France, all politically and economically powerful nations. It is not a coincidence that the one dollar bill of the United States is decorated with the portrait of the mason, Washington, father of the United States, together with the Freemason's symbol—God's all-seeing eye above a truncated pyramid.

At present, with the help of the French, congregations or lodges are being renewed in Moscow and St. Petersburg. It could be that "C-21", like a false-bottomed box, is hiding its Freemason's trowel within. What's the big deal? Disregarding the many prejudices, the Masons' accomplishments in spirituality and the fortification and welfare of a nation is recognized by the West. The major scandal in Italy involving the "P-2" lodge occurred because the national authorities tried breaking into the Mafia, using the Masons as a cover.

Besides ideals, a true national leader needs a good dose of a healthy craving for power. It seems that the club members have more than enough of that, and they have also declared their ideals. Only, will their work pay off?

Right now, we don't have anything on the club to rave about, nor is there anything to criticize. However, it would be wise to look out—from sophisticated gentlemen you can expect sophisticated tricks.

Language Law Implementation Problems, Results 93UN0040C Riga DIENA in Latvian 26 Sep 92 pp 1,8

[Article by Iveta Tomsons: "Language Law Starts Taking Shape"]

[Text] Riga, Sept. 25. Since the National Language Law came into effect on May 5 of this year, and the National Language Certification Commission was formed on June 15, only about 15 percent of the inhabitants of Latvia required to take the language test have presented themselves for certification. Half of those tested were able to pass the test. In total, about 300,000 inhabitants of Latvia are required to undergo certification. This information was given to DIENA by the Chairman of the Main National Language Certification Committee, Ieva Zucena.

The regulation on national language certification states that all workers in state institutions, enterprises, enterprise unions and organizations, whose duties include contact with residents, and those performing specific state clerical duties, and who have not received their education in the national language, must be tested on their knowledge of the language. Language certification must be completed by December 31. The regulation states that after May 5 of this year, only those specialists who know the national language can be hired. If specialists from another country are hired, then the employer must insure that they learn the national language. If an employee is unable to pass the examination, then the employer has the right to break the employment contract.

"I can see there is a stumbling block—many workers will not learn the language, because they know they won't be fired from the job. Especially in the district of Latgale." This was noted at yesterday's language commission meeting by Eizenija Aldermane, Inspector for the Educational Department of the Republic of Latvia. In reply

to this, Supreme Council deputy Dzintars Abikis definitely promised to do everything to insure that the Supreme Council passes a resolution on salary differentials for those who don't know the language. "If he doesn't want to and doesn't know how to speak Latvian, then let him receive less money, because it shows that this individual doesn't have the necessary professional skills," according to D. Abikis.

At present, certification is most successful in the Ministries and the institutions and enterprises under their control. For instance, in the Foreign Trade Ministry and enterprises under its auspices, out of 4,800 workers, 200 workers have participated in the certification, while 140 have passed the test. In the Ministry of Maritime Affairs, out of 300 persons examined, 130 have passed.

On the other hand, certification in the municipalities is being carried out very secretly. Only 14 municipalities have accepted the examination questions, but in those areas where certification has already started, there is no information on the results. The exception is the Kurzeme district of Riga, where, out of 116 participating in the certification, 57 have passed the examination. Ventspils has also provided information that out of 142 city inhabitants tested, 52 had not learned the language.

D. Abikis thinks that it wouldn't do any harm for the Supreme Council to create a certification committee, because there are many deputies who have a poor understanding of the Latvian language.

Recently, Parliament even broke the law by confirming Vladimirs Hodakovskis in the position of Rector of Riga Aviation University. D. Abikis mentioned that the National Relations Department is also not doing anything to help those of other nationalities learn the national language. Thus, it is no wonder that the representatives of the language commission were surprised yesterday by the fact that the department director, Vladimirs Stesneko, has not undergone certification.

I. Zuicena predicts that people will participate in the language tests most actively during October and November. Right now, many of the municipalities have not even surveyed the workers in private enterprises, to determine how many of those employed there will have to take the test.

"It has to be surmised that those of other nationalities are only now starting to learn the Latvian language," says I. Zuicena. Thus, in her opinion, some institutions will have to extend the certification period.

At yesterday's language commission meeting, a resolution was adopted to stop certification in institutions reporting to the Health Department of the Welfare Ministry of the Republic of Latvia. The basis for the resolution was the fact that the Main Certification Commission has accepted a very poorly developed examination question package. It does not include the reading and retelling of a passage of text, but includes overly sophisticated questions on history. In order to pass the

highest level examination, a physician must be able to discuss the Crusades, the Battle at Durbe, and other such questions.

"Ignorance about history should not affect the results of a language examination. The purpose is to test language skills," according to I. Zuicena. The resolution on language testing states that the examination package must contain sections involving the reading of a text, an understanding of its content, as well the retelling of the text, a conversation on professional or social questions, and at the highest level, the ability to discuss Latvia and its national economy. There should also be a written examination.

"I feel that it is particularly important for those who are precisely in the medical professional to have full knowledge of the national language. There are cases where a person has become crippled because the doctor did not understand what was wrong with the patient," according to the viewpoint of A. Abikis. Of course, the Minister of Welfare, Teodors Enins, confirmed to DIENA, that the Ministry will be very strict in evaluating knowledge of the language, and if a physician is not able to learn it, he will be relieved of his post. Of course, the Main Certification Commission has also received its first complaint, that the medical professionals' language certification committee specialist, Aija Dzintara, has unduly influenced the commission's resolutions, and various medical workers with poor language skills have become certified. The explanation is simple: "We can't be allowed to traumatize people by telling them they have not passed the examination."

I. Zuicena reported that, at present, the commission has no known facts about the bribing of any certification commission. Likewise, there have been no complaints about the examination questions being too difficult, or that the commission's stand is too strict.

Human Rights Chairman on Citizenship Options

93UN0121A Riga DIENA in Latvian 3 Oct p 2

[Interview with Andrejs Panteleevss, chairman of the SC Commission on Human Rights and Ethnic Problems by Janis Silis: "Zero Variant May Lead to Apartheid"]

[Text]

[Silis] What worries you most regarding the solution of ethnic problems in Latvia?

[Panteleevss] I am worried because the issue of the ethnic problem in Latvia is often discussed without taking into consideration the simplest facts. The lack of an exact approach to the ethnic problem is manifested in two opposite extremes. The national radical wing represents the first extreme. They think that the ethnic problems are self-explanatory and can solve all of life's problems. The ethnic identity is the only existing formula. The other extreme, which is observed in our country and partially in Europe, is the belittling of the

ethnic problem, the viewpoint that it is secondary and archaic. Usually this second extreme is expressed in the style of the Leopold cat [a Soviet cartoon character], that it is enough to announce "Let's all be friends". It is only necessary to introduce the free market, establish parliamentarism, set the problem of privatization in order, accept international standards and then the ethnic problems will be solved by themselves. It is a dangerous problem as well.

If we look at Europe and its history, the facts indicate then that, speaking objectively, there is an ethnic factor. It should not be underestimated but it also cannot be brought down only to the results of economic interaction as was done by Marxists. The ethnic factor works along with economic and other factors and certainly interacts with them.

Speeches that relationships between Russians and Latvians in Latvia should be considered a classical problem of minorities are a typical example of ignoring the facts. It does not correspond with objective truth. Jews are a minority, Poles are a minority, but relationships between Russians and Latvians cannot not be characterized as relationships between a minority and a majority, because it is not the case physically and mathematically. In Belgium, no one says Flemish and Walloon minorities. In Cyprus, no one says Turk and Greek minority and in Switzerland, nobody says German and French minority. In our country, there are completely different proportions from political and mathematical viewpoints. Quantity turns into quality. As soon as different proportions develop, the relationships become entirely different. Persons who are trying to describe relationships between Russians and Latvians as relationships between a minority and a majority in their classical meaning, either are guided by twisted facts or are doing it on purpose, avoiding any mention of numerical relationships. My advice to a person who reduces the problem of Russians in Latvia to the problem of the Russian minority integration is to go to Bolderaja and to try to integrate something there.

Two things have to be distinguished: the problem of minority in its classical meaning and relationships between two groups of Latvian residents - Latvians and Russians - which cannot be called relationships between minorities in today's Latvia.

[Silis] What do you suggest?

[Panteleevss] There are two possible scenarios for the development of ethnic problems. It is also connected with citizenship as well as the solution of other problems. The first is the zero variant. If we accept it then it will eventually lead to a situation when there will be neither a Russian minority nor a Latvian majority but Latvia will become a two-community country, like Belgium, Cyprus and other countries. Before the war, Latvia was a typical ethnic state that granted extensive rights to ethnic minorities. If the Citizenship Law accepts the zero variant, the use of the terms of minority and majority

with respect to Russians will become ridiculous and politically incorrect, because it simply will not correspond with the actual situation. Then Russians will become a second community in Latvia, a large community which in some locations will also be a territorial majority. I think that a second state language will be a logical consequence of such a two-community state.

According to the second development scenario, we, however, will restore Latvia as an ethnic state in Europe (as Germany, France, or the Scandinavian countries). It would mean that the political control package belongs to Latvians and that minorities will coexist with them having minority rights.

[Silis] Is this second pathway possible under present conditions?

[Panteleevss] Formally speaking, it could be possible because there is a thesis in International Law regarding the liquidation of the results of discrimination and it is provided for a special mechanism: affirmative action (sometimes it is called "positive preference"). It means granting short-term privileges to groups of people previously discriminated against. Legally, affirmative action is clear but this is a politically unpleasant pathway. In its time, the United States adopted a decision regarding the liquidation of the consequences of the professional discrimination against women and people of color. Therefore, such persons were given advantages over other groups of the population. In our situation, it would mean to give preference to Latvians in order to get rid of the results of earlier discrimination in the professional field, personnel issues, housing policy, etc. Certainly, it is impossible to achieve a hundred percent representation of Latvians quantitatively; it is clear that the balance will be different.

Unfortunately, the mechanisms of affirmative action are not clearly specified in international practice because sometimes they contradict documents that deal with the formal equal rights of people. When this mechanism was used in Algeria or immediately after the war in Austria or Alsace, then it did not really concern anybody. But there will be problems if we decide to use it, because there is neighboring Russia, a strong nuclear superpower, which, by the way, can become a pronounced ethnic state.

Therefore, we have to choose: if we go correctly in the direction of the liquidation of occupation consequences and restore Latvia as an ethnic state, using affirmative action, then we have to face political problems.

We have to speak clearly and define clearly where one consequence leads and where another leads. We have to give up the taboo when mentioning the ethnic factor, which is considered bad style by higher European authorities. We can clarify that we have chosen the second way not leading to a two-community state, because a two-community state located near Russia would definitely mean moving toward the future of a satellite country. There are not many good examples of

two-community countries in Europe. For instance, in Belgium, the Flemish are indifferent to the Walloons' problems in industry and they don't want to pay taxes. I won't even speak about Cyprus... The specificity of a two-community country is that it lacks mutual responsibility for the society and for the country as a whole. Each is responsible for his community or territory. In its turn, in an ethnic state, each individual citizen is responsible for his country as a whole. At least, it is shown by many models existing in Europe and all European problems, after all, are reflected in Latvia.

[Silis] How is it possible to ensure the control package for Latvians by democratic means?

[Pantelevss] The Russian community has not yet been developed and, therefore, I think that we should extend more opportunities of choice: i.e., integration for some of the Russians and an opportunity to leave Latvia not only for Russia but also for the West (here, however, we need support from the Western countries).

Democracy appears in the choice of each individual: either leave this country or integrate and stay. But those who prefer to stay should keep in mind that we don't have Russia here anymore and that a Russian in Latvia will never live here like he would live in Russia. For instance, his economic status here perhaps will be even better than in Russia; however, the usage of his language will certainly be more restricted. It is a paradox, but those people who stand for Russian integration should also stand for an iron language law, and for iron citizenship law because these laws facilitate integration mechanism. However, a pronounced contradiction appears when these people say that they are for integration and for the zero variant at the same time. The zero variant does not lead not to integration but actually leads to apartheid and further existence of satellite states. The zero variant retains exactly the same apartheid that was in our country during occupation. It can be seen in areas where Latvians and Russians live in a different psychological environment.

[Silis] However, if the majority of people are not able to go through the iron preconditions and also does not want to return to Russia, isn't it possible that a tragic situation may develop in Latvia?

[Pantelevss] I think that it is a question of strategy and the nature of the process. It is clear that the realization of each of the two solutions can create political danger. Both variants have their pluses and minuses.

The plus of a two-community country model is that "it will be more peaceful" at the present moment. Many Western politicians unfortunately adhere to this statement. In its turn, the second variant "stirs this water". If we speak about prospects than the ethnic state variant requires more efforts and energy which will only pay off later. There are many Russians who also may lose

something (e.g., businessmen) if we go for a two-community state because in the future, there is a great probability of endless conflicts between the communities.

The development of a tragic situation is possible but at the present moment it is politically less dangerous than the political bomb that we plant by not bringing up strict requirements. The present-time peace will bring greater problems in the future and certainly assist foreign forces.

If we start with the zero variant it will be followed by a second state language, rights for family reunification, and contacts with the ethnic homeland. As a result, there will be a weak eastern border and afterwards, perhaps, double citizenship. If we don't interrupt this course of events now then Latvians can become a minority by "democratic means". But Latvians won't be satisfied and there will be an absolutely hopeless situation similar to that in the "democratic" Northern Ireland.

[Silis] By doing that, don't we give the trump card to Russians?

[Pantelevss] This is a specific question. I haven't heard any complaints from the Russian side regarding the violation of human rights with respect to Russians in the Central Asian republics. There are towns where Russians are afraid to show up in the streets. I don't know why, but Russia doesn't seem to worry about that. Russia has different type relationships with those states and those political regimes. However, Russia complains about human right violation in the Baltic states for the reason that it is in its political interests.

We have to explain to the world that we do not force out anybody. We only want to restore the status of Latvians lost by them in their own country as a result of discrimination.

Russia Wants to Leave Officers in Latvia

93UN0040A Riga DIENA in Latvian 25 Sep 92 p 1

[Article by Janis Silis: "Russia is Attempting to Leave Its Officers in Latvia"]

[Text] Riga, Sept. 24. Russia realizes, objectively, that its army in Latvia is in the process of dissolving, and that soon, only officers will remain here, because new recruits are no longer permitted to be brought into sovereign national territory. Therefore, during international discussions, the Russian side is attempting to succeed in having as many of its army's officers as possible remain in Latvia after the military forces are withdrawn. Such was the personal viewpoint expressed by Indulis Berzins, chairman of the Foreign Affairs Commission of the Supreme Council of the Republic of Latvia, reporting to the Commission on the recent round of mutual discussions between Latvia and Russia, which had just taken place in Jurmala.

In the discussions, this aspiration was essentially confirmed by the request made by the Russian side to leave the apartments now occupied by families of military personnel in their hands, because their providers—the officers—would be returning to Russia. "After that, they will demobilize in Russia and calmly return to Latvia under the guise of family reunification," deputy Juris Dobelis told DIENA. As it is known, Lithuania backed down in the discussions with Russia, and agreed to let military personnel privatize the apartments they occupy. But even this wasn't enough, and a group of uncompromising members of the Russian Parliament called for the annulment of all agreements signed between Lithuania and Russia.

Russia equates all questions related to its army to civil rights. However, in the opinion of J. Dobelis, the main violation of civil rights is the fact that, without Latvia's consent, the Russian army is still located here.

If the aim of Russia is to allow its army to dissolve here, then, according to I. Berzins, Latvia should seriously consider specific actions on how to get the officers to leave. Therefore, an international voicing of these problems cannot be avoided, because "it is clear that Russia is prolonging the discussions".

"Right now, we are at the same point in the discussions that we were in the spring. The obstacles are that are preventing any forward movement have not been removed," reported I. Berzins.

Status of Security Services Discussed

93UN0070A Riga DIENA in Latvian 17 Sep 92 p 8

[Article by Liga Krapane: "The Security Service Will Also Be Involved in the Security of Latvia"]

[Text] Riga, Sept 16. Along with the National Defense Forces (the Army), the National Guard, and individual groups from the Ministry of Internal Affairs, the national defense of Latvia will also involve the Security Service of the Republic of Latvia, which, at present, is headed by Juris Vectirans. In that way, this unit will not lose its militarized status. This was the solution to the plan voted for at this afternoon's plenary session, after reviewing the first reading of the bill on national defense, by the 26 Supreme Council deputies out of about 45, who felt it necessary to participate in the confirmation of the bill. That is how they resolved the problem that started three weeks ago, when doubts were created about why the Security Service was needed at all.

On August 26, when Parliament examined the bill on national defense for the first time, it was suddenly revealed that the bill's authors had not included the Security Service in the composition of the defense forces. For this reason, the review of the bill was suspended, and a Commission of the Board of the Supreme Council was created, headed by Supreme Council President Anatolijs Gorbunovs, to clear up any misconceptions or calculated actions. As a result of the Commission's activity, the

following addendum to the bill was presented at today's plenary session: "The Security Service of the Republic of Latvia is a national institution directly under the control of the Supreme Council of the Republic of Latvia, whose duty is to protect the national authority and economic interests of the Republic of Latvia". In turn, the paragraph in the bill, which had initially provided that the Security Service would be a non-militarized national institution, carrying out intelligence and counter-intelligence functions, gathering, summarizing and analyzing essential information in the performance of these functions, now names the Satversme Protection Bureau (SPB) in place of the Security Service.

While now, the majority of deputies have a general idea of what the Security Service is, almost no one at present is willing to explain what the SPB is, not even the Minister of Defense, Talavs Jundzis.

Precisely because of this structure, as anticipated for the future, opposing viewpoints during the discussions on the bill were expressed by Andrejs Krastins, Deputy Chairman of the Supreme Council, and Peteris Simsons, head of the Commission on Defense and Internal Affairs.

"We cannot create a new KGB that is patterned on the old one, single handedly doing all the tailing, capturing, and all but the killing. It seems to me that we are creating this law as if we were tailoring a suit, trying to make it fit a specific person and a specific arrangement. I am categorically opposed to the SPB, because I don't know what it will turn out to be," announced P. Simsons in the debate. And A. Krastins, who, along with J. Vectirans and other colleagues, is participating in working out the SPB regulations, was unable to give DIENA a detailed explanation of what this institution will be. He only explained that the bureau will perform intelligence and counter-intelligence activities of the many institutions, summarizing and analyzing information. At present, intelligence activities are being carried out by the Department of Information of the Ministry of Internal Affairs (A. Krastins unsuccessfully attempted to stop those activities a while ago), the Security Service of the Republic of Latvia, the External Liaison and Information Administration of the Ministry of Defense, as well as individual structures within the Ministry of Foreign Affairs and National Guard. It is possible that there is also some other structure, which DIENA is not aware of. "Such an institution is greatly needed, so that everything related to intelligence and counter-intelligence activities can be brought into order," said A. Krastins, defending the need for the SPB.

Considering the extraordinarily small number of deputies and the low level of activity, without too many objections or problems, it was also possible to pass two other bills in the first reading, which are also a part of the defense plan law package, i.e. on the conditions for exceptions, and on defense forces. The deputies will tackle the second reading in a few weeks.

Crime by Teenagers Increasing*93UN0040B Riga DIENA in Latvian 26 Sep 92 p 7*

[Article by Iveta Bojare: "Teenage Crime Also Increasing: Forced Educational and Corrections Institutes Instead of Special Schools"]

[Text] Riga, Sept. 24. Special schools (such as those in Riga, Daugavpils, Alsaviki) were eliminated in Latvia last year, and now in Latvia there are no educational institutions, which coincide with regular schools, but also pay special attention to the so-called risk group minors. As reported to DIENA by the administration of the criminal police, about every fourth crime in Latvia is being committed by a minor (of 8,395 solved cases in the first eight months of this year, minors were responsible for 2,251 crimes).

Even though these are mainly petty crimes, predominantly opportunistic thefts, this does not lessen the threat to society, because there is no apparent tendency towards a decrease in the number of these crimes. Quite the opposite, with the rapidly increasing total national crime rate, there is also a proportional increase in crimes committed by minors (the number in Latvia, in comparison with the first eight months of last year, has grown by 19.5 percent. The most rapid increase in crime by minors is in the rural districts—by 35.4 percent).

Therefore, in order to prevent the growth of the so-called risk group, beforehand, Latvia's education officials are preparing to create a system of learning institutes for the forced education and treatment of minors. The Supreme Council of the Republic of Latvia is preparing legislation on forced education and treatment, as mentioned by deputy Andris Puzo, and funding for such schools has already been budgeted.

"Commissions on minors' matters are still operating in various municipalities, although their practical possibilities end with discussions. If a youth has not committed a crime and cannot be sent to a colony, the decisions made by the above-mentioned minors' commission are impossible to implement," as the present situation was explained to DIENA by Dzidris Seps, leader of the working group on the proposed bill, and Head Research Associate of the Philosophy and Sociology Institute of the Academy of Sciences of the Republic of Latvia. It is precisely for this reason that legislation has been drafted. "We have to get those brats, whose behavior is deplorable, into the proper educational setting in time. Just one year of attending such a forced educational institute may be sufficient for a good many of them."

The bill provides for two types of schools—educational and correctional, in addition to which, both can provide treatment, or not provide it. The main distinction from regular schools would be the behavioral regimen and a special teaching staff—which is planned to include not only teachers, but also councilors, psychologists, physicians, in case of emergency, and teaching experts. "For these youths, the schools will actually replace their

fathers and mothers, and they will live there, abiding by specific procedural regulations," explained D. Seps. The provision is that the youths can only be sent to forced correctional institutes, clinics, and hospitals on the basis of a court decision, while they can be sent to forced educational institutions without the courts, based only on the decision of the Institution for the Protection of Children's Rights, which is set up by the municipalities.

Basically, financial support of these forced educational institutes is only focused from the point of view of the municipality. The present bill provides for these schools to be financed by the state, the municipality from which the youth came, as well as the family, if it is possible to collect money from them. But it is not out of the question that each school could also have another source of funding, being financed by private organizations. Being well aware of the state's present financial potential, Andrejs Pantelejevs, chairman of the Commission on Civil Rights and National Questions of the Supreme Council, at today's meeting of the commission, proposed allowing the forced educational and correctional teaching institutes to be set up by private individuals as well. "The obligations of the state are one thing, but what the state can do at present is something else." He was opposed by deputy Andrejs Puzo. "As of now, all our experience with family-type children's homes is negative—even if the intentions of these people were good, many of them only took in the children to get larger living spaces. Furthermore, the case in question now concerns a complex contingent of youth, which, in the worst case, could be taken advantage of by the Mafia, who would train them as their successors." And in any case, in the opinion of the deputy, this is a forced repressive function, which would normally have to be carried out only by the state. While the majority of deputies in the committee agreed with A. Puzo, they also did not disagree with what A. Pantelejevs said about the state's ever dwindling financial resources. This can be confirmed just by considering the growing problems with providing work for prisoners.

In the next few weeks, the above-mentioned bill will be presented to the Supreme Council board of officers, and they will be asked to review it before the plenary meeting of the Supreme Council.

Godmanis Signs Investment Pacts With Taiwan*93UN0025A Tallinn THE BALTIC INDEPENDENT in English 25 Sep 92 p 5*

[Article by Stephen Wolgast: "Godmanis Brings Investment and Air Travel From Taiwan"]

[Text] Latvia and Taiwan consolidated their young diplomatic ties in talks last week, with trade gains for both countries and diplomatic advantages for Taipei as the result.

Prime Minister Ivars Godmanis concluded a five-day visit to Taipei on September 17, during which he met with Taiwan's president and prime minister, Foreign Ministry officials said.

"It's a common agreement for the private sector," said Keenan Chang, Consul-general at the Taiwanese consulate in Riga. "This is just one step to encourage business people to come to Latvia." But it is a big step for Taiwan, which just lost the support of South Korea, formerly its best ally. Seoul severed diplomatic ties with Taipei and turned to Peking, leaving Taiwan in a diplomatic void by further decreasing the small number of countries that officially recognise Taiwan. Most nations recognise China diplomatically, but maintain only trade relations with Taiwan.

Latvia and Taiwan signed an investment protection pact that will make Taiwanese moves into Latvia less risky. Edwin Inkens, foreign affairs advisor to the prime minister, expects at least US \$5 million worth in investment. By bringing in more hard currency, the agreement will help ease the crippled Latvian economy through the winter.

Among the projects the Taiwanese are interested in are hydro-electricity and natural gas development, cement production and food processing, especially of meat products. In addition, "two small Latvian companies" may invest in Taiwan, and a joint venture in electronics is being discussed, Mr Inkens said, stressing that all business deals are still being negotiated.

Mr Godmanis also sought a US \$50 million loan from Taiwan for the construction of a power station. Currently Latvia can produce only half the fuel it needs and buys most of the rest from Russia and Estonia. An agreement allowing air links between the two countries will be signed in November, according to state television in Taiwan. Mr Chang said the agreement is still being negotiated. If both countries sign the deal, Latvia will become only the third European country in which Taiwan has landing rights. China Air Lines flies to Amsterdam, and Eva Air lands in Vienna. Latvian Air Lines plans to fly to Taiwan if the deal is agreed to, Mr Inkens said.

As a symbol of friendship, Prime Minister Hua Pei-tsun donated medicine worth US \$200,000 to Latvia. Mr Chang said the shipment of seven or eight boxes already arrived in Riga.

Mr Godmanis led a 24-member delegation, including the ministers of foreign affairs, foreign trade, and transportation.

The agreements were the result of Taiwanese overtures to Latvia. Taipei set up a consulate in Riga in February as the first step toward establishing diplomatic ties. Latvia maintains a consulate in Taipei.

China, which recognised Latvia soon after it declared independence, responded by recalling officials organising a Chinese embassy in the Latvian capital. The Latvian government is not troubled by the Peking diplomats' departure. "It doesn't mean we don't have relations with [Peking]," Mr Inkens said. "Our ambassador [in Vilnius] has relations with their ambassador." China claims sovereignty over Taiwan, and restricts ties with countries that recognise the "Republic of China" on Taiwan.

Taiwan is expanding its ties with former Soviet states, and began economic talks with Russia on September 17.

LITHUANIA

Lithuanian Navy to Get Baltic Fleet Ships

93UN0111A Vilnius EKHO LITVY in Russian
2 Oct 92 p 6

[Interview with Lt Col Valdas Tutkus, chief of the Joint Staff of Lithuania's Ministry of National Defense, and Naval Capt Eugenijus Myliauskas, chief of the Navy Department of the Joint Staff of the Ministry of National Defense, by Kaliningrad journalist Oleg Shcheblykin: "Latvia's Navy: The First Steps in Cooperation With Russia"]

[Text] Vilnius-Kaliningrad—The Baltic Fleet is transferring two ASW ships and two torpedo boats to our republic's Ministry of National Defense.

Kaliningrad journalist Oleg Shcheblykin interviewed Lt Col Valdis Tutkus, chief of the Joint Staff of Lithuania's Ministry of National Defense, and Eugenijus Myliauskas, chief of the Navy Department of the Joint Staff of the Ministry of National Defense, on the subject.

[Shcheblykin] Why does Lithuania need its own navy?

[V. Tutkus] Our naval forces will differ from Russia's Navy. We plan to form a division of ships. We shall not enlarge our naval forces within the next 5-10 years. For one thing, Lithuania does not have the wherewithal to maintain a large navy, and, in the second place, there is no need for this. It will be the fleet's mission to guard Lithuania's economic zone and also to protect the fisheries against poachers. That is, to monitor them. Many poachers of them now openly enter our waters. We are aware of this, but we can do nothing for now. We do not intend to go to war with anyone.

[E. Myliauskas] All states with access to the sea have their own navy. Lithuania must have one too, a small but well-armed navy. Within the limits of our realistic capabilities.

[Shcheblykin] You are acquiring ships. If they are not to remain anchored in port, however, you need trained crews, a base and a great deal more. Does Lithuania's military department have all of this?

[V. Tutkus] The coast guard service is presently being withdrawn from the command of the border troops, and a separate entity is being created out of it. We still do not know what the navy will be called officially. That is not so important. Right now we have around 300 officers and enlisted personnel.

[E. Myliauskas] Lithuania is first among the Baltic countries with respect to officer manning level. Incidentally, many of them served in the Baltic in the past. They include Capt 1st Rank R. Baltuska, captains 2nd rank V. Sirevicius, A. Leisis and V. Urbas, and others. We have officers from all four of Russia's fleets.

I was one of the first to be invited to join the Ministry of National Defense. We began with practically nothing. We worked out our own seagoing personnel table. We based it on Russia's Navy Regulations, which go back to Peter's navy. We deleted certain things. The position of political worker, for example. We took some things from the navy regulations of Great Britain and Germany. We encountered a problem in that the Lithuanian language does not include enough naval terminology. We were greatly assisted by a dictionary of naval terms published last year by the Lithuanian Language Institute. Many terms were borrowed from Russian, which had, in turn, taken them from Dutch. Peter I based all of his naval science on the Dutch model, you know.

[Shcheblykin] What ships do you have as of right now?

[E. Myliauskas] We have a former research vessel. We are using it as a hydrographic and training vessel. We have a fishing vessel and a pilot boat. Naturally, the ships we receive from the Baltic Fleet will form the backbone of our naval forces.

[Shcheblykin] And where will they be based?

[E. Myliauskas] At Klaipeda. It has the wharfs. We also plan to locate headquarters there so that it can exercise command directly at the site. I do not believe we will have any difficulty finding quarters for it. After all, an entire division is being withdrawn from Klaipeda.

Lithuania previously had another port at (Shvyantoyi). The wharfs are still there. Ships with a draft of up to 3 meters moored there. It was planned to develop the facility, but that is impossible right now. The port has practically been covered with sand. A launch can barely get into it today.

[Shcheblykin] Looking into the future, a regular fleet has to be constantly replenished with both officers and seamen. How is the fleet going to be manned, and on what basis?

[V. Tutkus] This is under discussion right now. Will all of the military personnel be professionals or will we have a combined manning system later? Our officers and NCOs are professionals at this time. That is, they serve under contract. Lower-ranking personnel are drafted for a brief term. We think that the seamen too will serve

under contract in the future. The naval forces of the NATO nations can serve as an example.

We shall take on specialists as they graduate from civilian institutes. We plan to draw upon civilian seamen in related fields. We have recently had a lot of officers coming to us. We make no distinction on the basis of nationality. They merely have to be citizens of Lithuania and know the Lithuanian language.

In view of the fact that our ships will be former Russian ships, we want to have instructors on them, at least in the beginning.

[E. Myliauskas] The crews which sail the ships to Klaipeda will probably remain on them for at least 45 days to train our crews. We shall ask the Russians to allow this.

[Shcheblykin] Do you have plans for assistance from sponsors from countries of the West?

[V. Tutkus] Yes. They are coming to us with their proposals. We have made Russia our choice. We shall therefore cooperate mainly with it.

[E. Myliauskas] All-around interest is being demonstrated. And not just at the official level. Letters are coming in from around the world. We recently received an offer from P. Labanauskas of Canada, for example. He was the last captain of a training steamship in 1940. Lithuania is presently being reborn. Our friends in the West therefore want the flags lowered in 1940 to fly over the ships again. They also want the design to remain basically the same.

[Shcheblykin] Mr. Myliauskas, you are a former officer of Russia. What significance does that which is occurring today have for you?

[E. Myliauskas] What I am doing today is a duty in the highest sense of the word. When the first Lithuanian military ship sets out to sea, I can feel that my life has not been lived in vain.

[Shcheblykin] Thank you for the interview.

REGIONAL AFFAIRS

Tax Systems in Baltic States Examined

93UN0024A Tallinn THE BALTIC INDEPENDENT
in English 25 Sep 92 p 6

[Article by Peter Morris: "Baltic Taxes Remain Perplexing"]

[Text] Survey: Three newly-independent countries, each with their own, evolving, tax system, creates plenty of confusion.

The collapse of the Soviet system left the Baltic States with bloated budgets and little revenue. Estonia, Latvia and Lithuania all face the difficult task of finding enough

money to run the government, provide social services and keep international payments flowing.

All three Baltic States began building their own tax structures in 1990, over a year before de facto independence. Now, two years later, all three have a working system to collect enterprise profit taxes, personal income taxes, social security taxes, turnover taxes and customs duties.

Estonia

Taxes in Estonia are still a much debated issue, and will not be finalised until the newly elected parliament convenes this fall.

The controversy stems from the Committee on Monetary Reform's unilateral decision on June 19, 1992, to raise taxes to support balance of payments of the newly introduced currency, the kroon.

Many in the Supreme Council declared the action illegal, but the tax hike has remained in force.

Enterprise taxes in Estonia since October 15, 1991, amount to 35 per cent of a company's "gross profits" [broadly defined as a company's revenue]. Deductions are allowed for contributions to the enterprise's fixed capital fund, but not amounting to more than 25 percent of the gross profit.

Tax breaks are given to corporations funded by foreign capital and to companies operating in activities "most favored" by the government of Estonia, such as agriculture and construction.

Companies funded by foreign capital receive tax concessions depending on the size of the outsider's contribution. Companies with fixed capital that is over 30 percent foreign (and worth at least US\$50,000) are exempted from corporate income taxes for two years, and receive a bonus tax-free year if operating in a "most favored" activity. For the following two years, tax liability on the income of these enterprises is reduced by 50 percent.

An enterprise with fixed capital over 50 percent foreign (and worth at least US\$1 million) is automatically exempt from profit taxes for three years, and its tax liability is reduced by 50 percent for five years following.

The national government receives 65 percent of all corporate taxes while the local municipality where the business resides receives 35 percent.

Like most European countries, Estonia enforces a value added tax (VAT). The VAT rate in Estonia was raised from 10 to 18 percent on June 20, 1992, by the Monetary Reform Committee. Exempted from the tax are such commodities and services as medicines, medical treatment, banking and insurance services, lotteries and foreign transport.

Personal income taxes range from 16 to 50 percent, the top bracket encompassing those who earn over 2,000 kroons (US\$160) a month. The tax covers all earnings except government social security benefits, insurance payouts and lottery winnings. All people living in Estonia, including foreigners, must pay income tax.

Additionally, all employers of salaried workers must pay a social security tax amounting to 20 percent of that worker's wages. This tax is paid directly to the Social Fund of Estonia. Employers must also contribute the equivalent of 13 per cent of a worker's wages to cover medical insurance.

Customs and import duties are too complicated to be dealt with in such a brief survey, but the new government will inherit a policy of low taxes on exports. In Estonia, only metals, petroleum and antiques are taxed for export, at rates varying from 5 to 25 percent.

Latvia

Corporate taxes in Latvia are levied on net profits, after all expenditures, excise and turnover taxes and amortization of loans are deducted. The basic rate today stands at 35 percent. Beginning October 1, 1992, all profits made in trade, banking or insurance will be taxed at 45 percent.

Foreign investors in Latvia receive corporate tax breaks similar to those in Estonia. If the fixed capital of a company is more than 30 percent foreign, the enterprise is exempt from profit tax for two years and receives a 50-percent reduction in its tax liability for the following two years. Companies engaged in "preferred economic sectors" get an additional year tax free.

Enterprises in which the share of foreign investment exceeds 50 percent (and worth at least US\$1 million) are exempt from profit tax for three years beginning the year in which the company turns a gross profit. Those enterprises are furthermore entitled to a five-year, 50-percent profit tax reduction. The most important "preferred" areas include construction, agriculture, pharmaceuticals, energy, transport and communications.

Seventy percent of collected profit taxes goes to the state budget. The other 30 percent is divided between the local district and city.

Latvia has not yet enacted a value added tax, but relies instead on a turnover tax of 10 percent at the wholesale level and 2 percent at retail. The turnover tax, also known as a cascading tax, is charged on goods and services at every level in the marketing chain. On October 1, those rates will become a flat 12 percent at all levels for non-food items, and 6 percent on food. Medicinal, religious, cultural, financial and insurance-related goods and services will be exempted.

Personal income tax rates vary from 15 to 35 percent. Those earning 24 times the minimum wage of 1,500 rubles (36,000 rubles, US\$180) a month are taxed in the top bracket.

Social security taxes in Latvia are levelled primarily on the employer, who must pay the equivalent of 37 percent of an employee's wages. The employee pays one percent. Farmers must pay for themselves at a rate of 19 percent. As in Estonia, the tax is paid to a separate social welfare fund outside of the state budget.

All land owners, renters or users must pay a land tax in Latvia. The most expensive areas are inner Riga and Jurmala, where taxes are as high as 12 rubles a square metre. The lowest rate is 60 rubles a hectare in rural areas.

Latvia enforces a natural resource tax to fund environmental protection measures. Taxes are paid on each cubic meter of the resource recovered, with sand the cheapest and therapeutic mud the most expensive.

Pollution taxes work in the opposite fashion. Taxes are paid for each cubic metre of waste discharged into the environment, the most dangerous wastes such as pesticides and heavy metals carrying the highest rate. Rates are set by the Environmental Protection Committee.

As in most modern countries, customs duties on imports vary significantly from item to item, but 15 percent is the average rate.

Lithuania

Lithuania first passed an enterprise profit tax on July 31, 1990, and has kept the same rates since February 6, 1992. The current rate is 29 percent of net profits, but those in preferred sectors such as agriculture and transportation are taxed at only 10 percent.

Foreigners who invest before 1994 will be entitled to pay only 30 percent of the normal profit tax for two years. After 1994 foreigners will pay 50 percent of the normal tax.

Lithuania enacted a 15-percent value-added tax law in December of 1991. That tax rate was raised to 18 percent on July 1, 1992.

Personal income taxes in Lithuania vary from 18 to 35 percent. Wage earners pay an extra one per cent social security tax, and employers must pay an amount equal to 30 percent of a worker's salary to the state to pay for pensions and medical expenses.

All land users in Lithuania must pay a land tax. If a citizen owns a piece of land, his tax liability is 1.5 percent of the value of the land each year.

If the land is rented the tax varies from 3 to 6 percent of the annual rent, depending on the use the land is put to. For example, a farmer pays only 3 percent tax on the land he grows crops on.

END OF

FICHE

DATE FILMED

6 Nov 1992